

CONSOLIDATION OF RURAL PUBLIC TRANSPORTATION SERVICES

FINAL REPORT

Prepared for
NCHRP
Transportation Research Board

Of

The National Academies of Sciences, Engineering, and Medicine

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November 2017

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Abstract

This report presents the results of research into the consolidation of rural public transportation services. A current breakdown of rural public transportation service areas and providers nationwide, and changes over time, are presented as context for a more detailed look at consolidation efforts in specific states. The report describes current efforts taken by state departments of transportation (DOTs) to encourage or support consolidation or regionalization of public transportation services in rural areas. It also identifies a number of rural public transportation services that have been consolidated within the past 10 years. The experiences of four case study systems are discussed to identify common catalysts for consolidation, steps in the consolidation process, benefits that may be achieved, and challenges that rural public transportation providers may encounter as they work to consolidate their services. Advice to state DOTs and providers from those involved in the case study consolidations is also presented.

Summary

Introduction

Despite the increased levels of federal transit funding provided by MAP-21 and the FAST Act, the resources available to rural public transportation providers continue to be constrained in many areas. Non-federal match may be difficult to obtain where state-funded transit assistance programs do not exist and/or there are many competing needs for county or municipal dollars in each annual or bi-annual budget cycle. In states where a number of established rural transit systems are in operation even increased Section 5311 funding may not be sufficient to allow for the creation of new transit systems or the development of new or expanded services for unserved communities. In addition, state legislatures or DOT leadership may be keenly interested in controlling the cost of public transportation services to improve their sustainability.

Another challenge that confronts some transportation providers and DOTs is the need to fill in gaps in the rural public transportation service network when a provider agency closes or experiences an unexpected change in leadership or financial support.

Consolidation of public transportation services has been pursued in some states as a response to both those types of circumstances. Consolidation is one way that public transportation providers can integrate their services to increase efficiency, reduce operating expenses, improve the customer experience, or achieve other goals. Lower levels of integration include communication and coordination. Consolidation is defined here to mean the restructuring of two or more agencies to integrate different aspects of their administrative and service functions. That activity is sometimes referred to as regionalization.

The purpose of NCHRP 20-65 Task 69 was to explore recent examples of rural public transportation service consolidation to learn more about the reasons behind it, steps involved in the process, challenges encountered and ways to overcome them, and the benefits that can be generated. The role of state DOTs in those consolidation efforts, as well as activities taken by state DOTs across the country to encourage and/or support consolidated rural public transportation services, were of particular interest. The goal was the development of guidance for rural public transportation providers and state DOTs interested or involved in consolidation efforts.

To achieve those objectives, the research team conducted a literature review, analyzed data from the National Transit Database (NTD) and National Rural Transit Assistance Program (National RTAP) surveys of rural public transportation providers, and administered a survey of state DOTs. Detailed case studies of consolidation projects in New Mexico, North Carolina, Pennsylvania, and Vermont were prepared. Guidance for state DOTs and rural public transportation providers is contained in this report's companion document: *Consolidation of Rural Public Transportation Services Guidebook*.

Research Results

Findings from the literature review, DOT survey, and case studies conducted as part of Task 69 are summarized below.

Consolidation Benefits

The types of positive impacts that consolidation can achieve for public transportation providers in rural areas and their DOTs, as demonstrated by the case study systems, include the following.

Cost savings. Savings can be realized through economies of scale in the procurement of items such as vehicles, insurance, fuel, and supplies for one larger organization, and in the consolidation of administrative activities and/or elimination of administrative staff positions. In typical rural public transportation service consolidations, operations continue to be based locally, limiting the savings that can be achieved in more urbanized areas by consolidating operating and maintenance facilities.

Service improvements. Consolidating services in rural areas offers an opportunity to review and evaluate existing routes and make modifications that better match current travel patterns or improve reliability or service quality. Consolidation can also mean the expansion of service into previously unserved areas and the creation of connections that enable intercity or intercountry travel.

Access to more resources. For rural public transportation providers, consolidation can mean increased staff and availability of staff with specialized professional skills that may not have been feasible for smaller organizations. Access to newer information and communications systems and technological tools may be increased as well. With more personnel and technological resources, agencies may be better able to collect and disseminate data, monitor performance, and introduce innovative projects.

Improved compliance with federal and state requirements. Related to increased staff resources in a larger organization is the ability to devote more time and attention to complying with federal and state requirements for grants management, procurement, civil rights, reporting, and so forth.

Reduced state DOT oversight time. State DOT program managers may find that the time they spend on oversight activities is reduced eventually because of a lower number of Section 5311 subrecipients and grants, and improved compliance. Initially, however, DOT staff may need to devote more time to technical assistance and to distribution of grants for start-up and/or capital assistance related to the consolidation.

Challenges

Each example of rural public transportation consolidation includes unique local history, relationships among stakeholders, and other circumstances that may create specific challenges during the consolidation process. However, there are some typical challenges that consolidating agencies may encounter, some of which were experienced by the case study systems.

Concerns about decrease or loss of local control over services and/or funding decisions. As in coordination initiatives, an initial hurdle is likely to be apprehension, particularly on the part of a transportation provider being absorbed into the lead operating agency. Concerns over loss of local control over services or funding may delay the initiation of a consolidation effort, or require additional time to address during the consolidation process.

Overcoming local history. A regional history of cooperation and consolidation of other types of public services can make consolidation of public transportation services easier to achieve. On the other hand, agencies involved in a consolidation may have historical relationships that inhibit progress toward consolidation.

Difficulty of implementing structural changes. Consolidation requires that transportation providers change their organizational structures, governance, and business and operational practices, changes that may seem daunting at the outset of the process, and may be time-consuming to plan and implement. Concerns about negative impacts on existing staff are often typical.

Weakening of local service brand identification. The branding of a local public transportation service—service nickname, logo and color scheme, vehicle markings, and other elements—is an important means of attracting ridership and political and financial support. Losing that local brand identification and the support it generates when services are consolidated with those of another agency can be a concern.

Overview of State DOT Roles

Twenty-three states responded to the DOT survey. Of those, roughly half encourage or support consolidation. Survey responses indicated the following:

- Technical assistance to transportation providers that are interested in consolidation is offered by most of those states.
- Consolidation or regionalization studies, either statewide or regional, are another frequently used tool to encourage moving forward with consolidated public transportation services.
- Legislation that either requires or recommends consolidation or regionalization exists in three states.
- Three states provide financial incentives to encourage consolidation; only one state withholds funding from transit providers that have been given the opportunity to consolidate or regionalize and choose not to do so.
- States that are not actively engaged in promoting consolidation often cited the presence of longstanding providers that are performing well or the geographic distance between transit service.

DOTs in the case study states assisted transportation providers by: funding or assisting with consolidation feasibility studies, or similar analysis (four states), delivering technical assistance throughout the consolidation process (four states), providing financial assistance for some combination of planning, start-up, or capital expenses associated with the consolidation.

Case Study Findings

Overview

The circumstances of each of the four consolidation efforts were different, but there were a number of common elements. Many of these conclusions confirm topics discussed in the literature that describes other examples of consolidation.

- A study that looks at the potential for consolidating public transportation services among multiple providers is extremely useful as a starting point and roadmap to the consolidation process.
- Buy-in from local stakeholders, including elected officials, is a necessary ingredient of a successful consolidation.
- The active encouragement and backing of a local champion is a critical component, especially since consolidation is a complex process and may result in the dissolution of a local public transportation provider.
- State DOT support is critical; in all four case study states, assistance included funding for a consolidation study, ongoing technical assistance, start-up funding for the consolidated organization, and capital funding for necessary items.

- Common goals across case studies include maintaining or increasing current levels of service and protecting jobs of operations staff, goals that all four systems achieved.
- Common approaches across case studies include:
- Maintaining local service branding, but modifying logos and taglines to connect to the consolidated agency
- Continuing to operate services from local hubs rather than bringing all into a central operating facility
- The consolidation process takes time, likely more than anticipated.
- Consolidation works best when the decision to consider it and move forward are local, even when the state DOT plays an active role in encouraging and supporting consolidation.
- Communication and transparency are absolutely necessary to inform consolidation partners and their employees, elected officials, and the public about the process and its impacts, and to allay concerns.
- Consolidating rural public transportation services can result in improvements to services, including expansion into previously unserved areas, route and schedule modifications, and connections between services for intercity or intercounty travel.
- Merging the different cultures of consolidation partners may take more time and effort than expected, but can generate benefits for the consolidated organization.
- Larger organizations are likely to attract more experienced transit professionals to their staffs, and may be able to dedicate staff to key areas, such as human resources or compliance.
- Larger organizations may have to comply with new federal and state requirements that are based on number of employees—provision of health insurance, for example.
- Improved compliance with federal and state requirements is a benefit that consolidation generates for both transportation providers and state DOT staffs.
- Reduction in the number of subrecipients they oversee due to consolidation is a benefit for state DOTs.
- Cost savings may be lower than anticipated and may not be achieved in the short term if one agency has been operating with insufficient staff or capital resources.
- Although consolidation generally results in elimination of some duplicative administrative staff positions, others may need to be added to address areas such as human resources, finance, or marketing adequately.
- Supportive frontline operating staff are very important to the public success of a consolidation. They are the riders' daily connection to the service and can provide reassurance that service levels will be maintained.
- Adopting common technology systems (telephones and other communications systems, paratransit scheduling software and onboard devices) provides an opportunity for upgrading systems for all agencies involved in a consolidation. Implementing improvements to technology tools will require some capital investment, however.

Advice from the Field

The case study systems and DOTs offered their advice to transportation providers and DOTs that may be involved in coordination efforts in other states.

New Mexico: North Central Regional Transit District and New Mexico DOT

The consolidation process works best when the potential partners come forward and share honestly their goals for the merger or partnership in the beginning of the effort. This transparency allows the associated elected bodies to make better decisions, and to better inform their constituents.

Potential partners need to be aware of the politics surrounding a consolidation, and address those early on before the policymakers need to make a decision.

The consolidation process is notably easier when the various agencies' leadership is on the same page. Any associated elected body also must be able to communicate clearly to its constituents why this consolidation is a good idea, and this message must focus on a regional perspective and not a local one.

Constituents ought to be included appropriately in the planning, consolidation, and merger process, as eventually these constituents will be the same people represented by the district and the district partners.

The process will likely take longer than might be expected.

The transfer of employees is an important issue, and needs to be handled carefully and respectfully. This accommodation, however, must be balanced with the expectations of the managing agency. The agency must clearly communicate the operating principles to the new employees, as work cultures can be quite different in two different places.

The key to a successful consolidation is ensuring there are no regrets on the part of the agency, the local partners, or the service's customers. The best method to avoiding any misgivings on the consolidation is by providing better public transportation service than has previously been offered.

From the state's perspective the key lesson of the consolidation process is that there needs to be a local champion to push for the consolidation and motivate other members or representatives. Additionally, the consolidation process must be led locally, and not from the top down or mandated by the state.

North Carolina: Western Piedmont Regional Transit Authority (WPRTA) and North Carolina DOT Public Transportation Division (NCDOT PTD)

Both WPRTA and NCDOT PTD agree that the single most important step to consolidation is a clear understanding of current and projected budget needs and anticipated revenue. Developing a stand-alone budget that covers all needs as well as assists in setting up the rate model establishes the baseline for future planning.

Willing partners that make firm and ongoing financial commitments is also an important need for consolidation. Agreements on who manages finance, personnel, hiring, and procurement are all essential decisions for a new organization. Partners with a commitment from the outset along with strong leadership in both technical and financial capacity were a winning combination for WPRTA.

Assistance from other partners is an important resource. The initial facilitation effort and financial commitment by the Greater Hickory MPO was noted by both agencies as a strong boost to the consolidation as well as the ongoing regional support.

A definition of what success means may be important at the state level. Considering the perspective of the legislature and the diversity of the individual transit systems, this is likely not a one-size-fits-all definition.

Pennsylvania: Crawford Area Transportation Authority (CATA) and Pennsylvania Department of Transportation (PennDOT)

It is important to develop a transition plan; think through all issues in advance of making actual changes, and adapt the plan as necessary. A consolidation study can provide a good starting framework.

Buy-in from your state DOT and local stakeholders, including elected officials, is a must.

Beyond acceptance of a consolidation effort, individuals who can act as local champions are critical to a successful consolidation. The Boards of Commissioners in both Crawford and Venango counties were very supportive of consolidation.

Involve human resources personnel at the beginning of the consolidation. Onboarding a number of new employees at the same time to meet a firm deadline for going live with consolidated operations is likely to take longer than expected.

Policies and procedures used by different transportation providers may not be similar; standardizing them may take more time than anticipated. Developing new policies and procedures that fit the expanded operation may be more efficient.

Communicate often and openly with board members, staff, and the public. Information and transparency will encourage trust in the consolidation process. This advice is echoed by PennDOT.

Assure customers that their service will be the same after the consolidation. In addition to reassuring them that they will not lose access to the same level of service, it is important to manage expectations of increased or new inter-regional service if that is not going to happen in the short term.

Vermont: Southeast Vermont Transit (SEVT) and Vermont Agency of Transportation (VTrans)

Clear direction from your state DOT is critical. VTrans first suggested this merger and provided support for every need that arose during the consolidation process.

Consolidation takes time. The management agreement between the two consolidating systems was for one year. A three-year agreement would have been better, because the first year was mostly spent in alleviating concerns about consolidation.

Transparency and communication are also extremely important. SEVT overcame mistrust and misgivings about consolidation through meetings with employees and boards, a monthly newsletter, offering opportunities for input and listening to what board members and staff expressed, and investment in tools to help staff do their jobs better.

A general manager or executive director with local knowledge and experience can do much to develop trust and credibility and make consolidation go more smoothly.

A strong, committed driver team is another great resource. Drivers and other frontline members of the organization will be the ones to keep service going as it was before consolidation.

Finance may be the hardest area to merge. Consolidating accounting software, checkbooks, charts of accounts, and divisional reporting are still underway at SEVT.

CHAPTER 1

Introduction

Background

Despite the increased levels of federal transit funding provided by MAP-21 and the FAST Act, the resources available to rural public transportation providers continue to be constrained in many areas. Non-federal match may be difficult to obtain where state-funded transit assistance programs do not exist and/or there are many competing needs for county or municipal dollars in each annual or bi-annual budget cycle. In states where a number of established rural transit systems are in operation even increased Section 5311 funding may not be sufficient to allow for the creation of new transit systems or the development of new or expanded services for unserved communities. In addition, state legislatures or DOT leadership may be keenly interested in controlling the cost of public transportation services to improve their sustainability.

Another challenge that confronts some transportation providers and DOTs is the need to fill in gaps in the rural public transportation service network when a provider agency closes or experiences an unexpected change in leadership or financial support.

Consolidation of public transportation services has been pursued in some states as a response to both those types of circumstances. Consolidation is one way that public transportation providers can integrate their services to increase efficiency, reduce operating expenses, improve the customer experience, or achieve other goals. Lower levels of integration include communication and coordination. Consolidation is defined here to mean the restructuring of two or more agencies to integrate different aspects of their administrative and service functions. That activity is sometimes referred to as regionalization.

While consolidation has been a focus in a number of states in recent years, rural transit systems that consist of a single jurisdiction—typically a county or municipality—are still prevalent, signifying that the potential for increased consolidation or regionalization is high. The National Rural Transit Assistance Program (National RTAP) conducts a Status of Rural Transit survey every several years. Responses to the 2007, 2013, and 2015 surveys indicate that while multi-county and multi-town systems increased over that period, roughly half of the responding agencies in 2015 represented single-jurisdiction providers. The research and guidance produced as a result of this project is intended to be of assistance to the states in which those providers are located and the providers themselves.

Issues of particular interest that the research effort sought to explore includes the following.

- What is the national breakdown of types of rural public transportation providers: partial county, single county, multi-county systems; regional transit districts, and regional brokerages? How has that breakdown changed over the past 10 years?
- Are single county systems unique or widespread?
- In states that have chosen to study, support, and encourage consolidation or regionalization of transit services, what approaches have worked?

- What conditions have led to successful consolidation efforts?
- What benefits came out of consolidation?
- What were some of the most common challenges and how were they addressed?
- What level of investment was required and how quickly was it recouped?
- How were roles and responsibilities divided/assigned?
- How long did it take to plan and implement consolidated services?
- What partners were especially important?
- What is the most effective role for a state DOT to play?
- What incentives make consolidation more attractive to local providers?
- How has the public reacted to consolidation efforts?

Research Purpose

The purpose of the research conducted for National Cooperative Highway Research Program (NCHRP) Project 20-65, Task 69 was to 1) investigate answers to the questions noted above and 2) develop guidance on the consolidation of rural public transportation services that would be useful to transportation providers and state departments of transportation (DOTs) considering or engaged in consolidation efforts.

Organization of the Report

This report documents the work of the research team and presents findings and conclusions. The approach taken to this research is summarized in Chapter 2. Findings from the review of literature pertaining to integration, consolidation, and regionalization of public transportation services are presented in Chapter 3. Analysis of data regarding rural public transportation providers and services areas is discussed in Chapter 4. Chapter 5 presents the results of a survey of state DOTs about consolidation of rural public transportation services in their states. Chapter 6 includes reports from each of four case studies and summarizes key findings.

Companion Guidebook

The companion product of Task 69 is a guidebook for rural public transportation providers and state DOTs that are contemplating or involved in efforts to consolidate public transportation services in their areas. A link to “Consolidation of Rural Public Transportation Systems Guidebook,” is provided in Appendix A.

CHAPTER 2

Research Approach

The approach to the Task 69 research included the following components:

- A foundational literature review
- Review and analysis of data from the National Transit Database (NTD) and National Rural Transit Assistance Program (National RTAP) surveys of rural transit providers
- An online survey of state DOTs
- Four case studies
- Webinar to disseminate findings to the rural public transportation industry

Each phase of the research is described in more detail below.

Literature Review

The focus of this project is *consolidation* of rural public transportation agencies, although literature pertaining to other forms of integration and regionalization of transit services was also reviewed. The research team used the literature review to learn about:

- The nature of consolidation in the rural public transportation industry
- The reasons rural public transportation providers consolidate
- State DOT roles
- Benefits that can be generated
- Possible challenges met during the consolidation process and successful approaches to them
- Keys to consolidation success

Findings were used in the Guidebook that accompanies this Research Report and in the development of the state DOT survey questionnaire.

The team also used the review to identify potential case studies for further research. Promising examples were added to suggestions from state DOT survey respondents to make up a list of potential case study sites for consideration by the project panel.

Data Analysis

To set the context for an in-depth examination of four case study consolidation efforts, the research team analyzed data from the National Transit Database (NTD) and National Rural Transit Assistance Program (National RTAP) surveys of rural transit providers. NTD data and National RTAP survey responses were used to document rural public transportation service providers and service areas at present and over time.

State DOT Survey

To learn more about consolidation activities in individual states, the team administered a brief online survey to state DOTs. The survey responses provided information on consolidation in 23 states and the roles of those states' DOTs to encourage or support consolidation. The survey was also used to solicit suggested case study sites from state DOT respondents.

Case Studies

Case studies were identified from the outset as a way to explore consolidation activities in depth, with an intent to identify the most useful information for state DOTs and transit providers that consider consolidation. Initial comments from the Task 69 project panel encouraged the research team to focus heavily on the case studies as a means to best inform states and public transportation providers on how to approach consolidation.

The state DOT survey asked respondents to recommend potential case study sites. The research team interviewed DOT staff who made recommendations by phone to learn more about those consolidation efforts. Promising examples from the literature were added to suggestions from the panel and the state DOTs' recommendations to make up a list of potential case study sites for consideration by the panel members. Potential sites were ranked according to evaluation criteria that included geographic region, place on the coordination to consolidation spectrum, type of public transportation providers involved, DOT role, administrative/governance structure of the consolidated agency, and date of implementation, to ensure a variety of situations and approaches.

The four selected case study agencies are:

- North Central Regional Transit District, New Mexico
- Western Piedmont Regional Transit Authority, North Carolina
- Crawford Area Transportation Authority, Pennsylvania
- Southeast Vermont Transit, Vermont

Webinar

The research team shared results of the research, particularly the experiences and advice of the case study systems, in a webinar for the rural public transportation industry prior to the release of this report and the companion Guidebook.

CHAPTER 3

Literature Review

Purpose

The literature review yielded information about experiences with consolidation of public transportation services in urban and small urban as well as rural areas, which provided a foundation for subsequent research tasks. Literature on the related topics of transit service integration and regionalization (which is used synonymously with consolidation in some states) was also reviewed.

Summary of Findings

Among efforts described in the literature, not all consolidation has occurred in rural areas; some consolidations involve urban public transportation providers only. Other consolidations have connected small urban areas, small urban and rural areas, or multiple rural communities. Consolidation may be partial, with the centralization of some functions while others remain separate. The summary below focuses on findings that relate to complete consolidations—involving the merger of two or more separate organizations—that have taken place in rural areas.

Reasons for Consolidation

Rural public transportation agencies may hope to achieve several goals by merging to integrate their functions and services. Chief among them is reduced operating cost due to the reduction or elimination of duplicative services and/or administrative activities and improved operational efficiency. Another initial goal in areas where key destinations—workplaces, health care services, government agency offices, retail centers—are located regionally may be to facilitate travel across municipal or county boundaries. A related goal is a more seamless customer experience, with integrated routes and schedules, fare structure and payment mechanisms, and operating policies and procedures.

The consolidation literature points to several catalysts that may prompt rural public transportation partners to move forward with consolidation as a way to meet their initial goals:

- A transportation provider, typically a human service agency, wishes to relinquish responsibility for operating transportation services and focus on its primary mission
- A transportation provider experiences an abrupt change in or loss of leadership that affects its ability to deliver service and/or comply with federal or state requirements
- A transportation provider encounters financial issues that threaten its survival
- The state DOT encourages providers to evaluate the feasibility of consolidated operations by conducting or funding local/regional consolidation studies
- The state DOT offers financial incentives for consolidating services
- Local partners wish to expand on regional efforts to consolidate other services, such as police, fire, school districts, or 911 service

Positive Impacts of Consolidation

The consolidation literature shows that merging administration and/or operations does help public transportation agencies to achieve the initial goals mentioned above as well as others. However, not all consolidation efforts discussed in the literature have occurred in rural areas; the experiences of the case study agencies and DOTs offer a realistic look at the benefits of consolidation for rural providers. Those experiences are described in more detail in Chapter 6.

Cost savings. Savings can be realized through economies of scale in the procurement of items such as vehicles, insurance, fuel, and supplies for one larger organization, and in the consolidation of administrative activities and/or elimination of administrative staff positions. In typical rural public transportation service consolidations, operations continue to be based locally, limiting the savings that can be achieved in more urbanized areas by consolidating operating and maintenance facilities.

Service improvements. Consolidating services in rural areas offers an opportunity to review and evaluate existing routes and make modifications that better match current travel patterns or improve reliability or service quality. Consolidation can also mean the expansion of service into previously unserved areas and the creation of connections that enable intercity or intercountry travel.

Access to more resources. For rural public transportation providers, consolidation can mean increased staff and availability of staff with specialized professional skills that may not have been feasible for smaller organizations. Access to newer information and communications systems and technological tools may be increased as well. With more personnel and technological resources, agencies may be better able to collect and disseminate data, monitor performance, and introduce innovative projects.

Improved compliance with federal and state requirements. Related to increased staff resources in a larger organization is the ability to devote more time and attention to complying with federal and state requirements for grants management, procurement, civil rights, reporting, and so forth.

Reduced state DOT oversight time. State DOT program managers may find that the time they spend on oversight activities is reduced eventually because of a lower number of Section 5311 subrecipients and grants, and improved compliance. Initially, however, DOT staff may need to devote more time to technical assistance and to distribution of grants for start-up and/or capital assistance related to the consolidation.

Consolidation Challenges

Each example of rural public transportation consolidation includes unique local history, relationships among stakeholders, and other circumstances that may create specific challenges during the consolidation process. However, there are some typical challenges that consolidating agencies may encounter.

Challenges that may be faced by organizations as they work to consolidate include:

Concerns about decrease or loss of local control over services and/or funding decisions. As in coordination initiatives, an initial hurdle is likely to be apprehension, particularly on the part of a transportation provider being absorbed into the lead operating agency. Concerns over loss of local control over services or funding may delay the initiation of a consolidation effort, or require additional time to address during the consolidation process.

Overcoming local history. A regional history of cooperation and consolidation of other types of public services can make consolidation of public transportation services easier to achieve. On the other hand,

agencies involved in a consolidation may have historical relationships that inhibit progress toward consolidation.

Difficulty of implementing structural changes. Consolidation requires that transportation providers change their organizational structures, governance, and business and operational practices, changes that may seem daunting at the outset of the process, and may be time-consuming to plan and implement. Concerns about negative impacts on existing staff are often typical.

Weakening of local service brand identification. The branding of a local public transportation service—service nickname, logo and color scheme, vehicle markings, and other elements—is an important means of attracting ridership and political and financial support. Losing that local brand identification and the support it generates when services are consolidated with those of another agency can be a concern.

State DOT Roles

As discussed in Chapter 5, a number of state DOTs encourage and support consolidation. In some states, consolidation or regionalization is either the subject of a state law (New Mexico, Oregon, and Pennsylvania) or an issue of interest to the state legislature (North Carolina, Vermont). In those states and others, encouraging consolidation is also a formal or informal policy of the DOT, typically as a way to reduce public transportation operating costs.

State DOT action to assist a particular set of public transportation providers with consolidation is often triggered by a request from those local providers (New Mexico, Pennsylvania, Vermont) and/or one of the catalysts mentioned above:

- Concerns about a provider's compliance with federal or state requirements
- Loss of leadership at a rural public transportation agency
- Closure of an organization that has been a transportation provider

Most examples of consolidation documented in the literature come from states in which the DOT has an active role in consolidation. States roles may include:

- Implementing legislation or state regionalization/consolidation goals
- Administering incentive funding
- Funding or assisting with consolidation studies
- Providing technical assistance to public transportation providers

CHAPTER 4

Data Analysis

Purpose

The research team analyzed data from the NTD and National RTAP surveys of rural transit providers in order to document rural public transportation service providers and service areas at present and over time and provide context for the more detailed look at states and individual consolidated systems.

Methodology

Rural Public Transportation Service Areas

One objective of Task 69 was to research the current make up of rural public transportation service areas and the change in service areas over time. Categories of service area of interest included the following:

- Partial county systems
- Single county systems
- Multi-county systems
- Regional transit districts
- Regional brokerages

Responses to surveys conducted by National RTAP on the “Status of Rural Transit” in 2007, 2013, and 2016 were compiled to identify the number of providers in each of those categories. Types of providers were also identified.

In the National RTAP survey, respondents could choose multiple service areas when answering the question ‘What types of area(s) do you serve?’ Possible responses included: county, multi-county, municipality, multi-town, tribal reservation or other.

Survey responses were aggregated into the geographic categories of interest as follows:

- **Partial County:** Included partial county and multi-town or municipal systems
- **Single County:** Included county and parish systems
- **Multi-County:** Multi-county systems
- **Tribal Reservation:** Tribal Reservation systems were added as a separate category because of their unique geography. Online information about each system was checked to determine if this was the most appropriate category. For example, many organizations also served the larger county as well. If Tribal Reservation was the only area served, or the service was specific to the reservation (e.g., service to a tribal casino or tribal college), the system was included in the Tribal Reservation category.

- If ‘Other’ was selected, online information was reviewed in order to categorize the system. In some cases email addresses were used to further investigate the provider and determine the category that fit it best.

Provider Type

Responses to the National RTAP survey question about type of organization were used together with responses about service area to identify number of providers in the regional transit district category.

“Transit authority” was a possible response to the type of organization question. Providers who reported that their organizations were transit authorities and that they served a multi-county area were assumed to be regional transit district providers.

All responses to the question about type of organization are also reported below.

Regional Brokerages

Two questions in the National RTAP surveys could be answered with “brokerage:” What is the method of your service delivery? What type(s) of transit service do you provide? Responses from transit providers that answered “brokerage” to either question are included below.

Counties with Service and Section 5311 Subrecipients by State

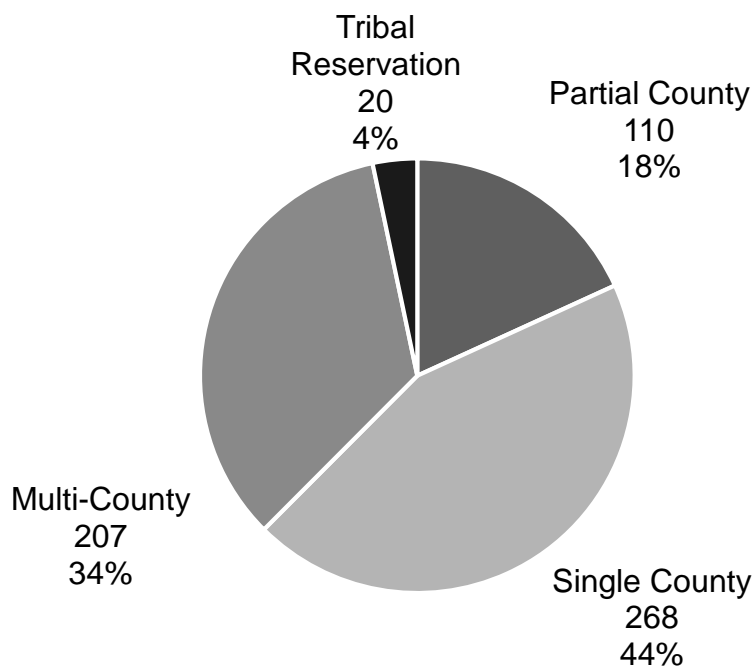
NTD data from the report years between 2007 and 2015 was used to identify the number of counties receiving public transportation service from Section 5311 subrecipients over time.

NTD data from report years 2009-2014 was used to identify the number of subrecipients by state in those years.

Rural Public Transportation Providers and Service Areas

Rural Public Transportation Service Areas Today

As shown in Figure 1, responses to National RTAP’s Status of Rural Transit Survey in 2016 indicate that single-county rural transit systems predominate, making up 44% of the 606 systems that answered the survey. Multi-county systems were the second largest category of respondents, representing 34%.

Figure 1 Rural Transit Service Areas Today—National Picture

Data Source: 2016 National RTAP Status of Rural Transit Survey

Entities that Provide Rural Public Transportation Services Today

Nearly three-quarters of the rural public transportation service providers that responded to the National RTAP survey in 2016 were nonprofit organizations (27%), county governments (25%), or local governments (21%). Looking at service by type of provider shows that among these survey respondents, most multi-county transit systems were operated by nonprofit organizations (34%), county governments (18%), transit authorities (15%), and community action agencies (13%). See Table 1.

Table 1 Rural Transit Service Areas and Type of Organization, 2016

2016		Service Area					
Organization Type		Single County	Multi-County	Partial County	Tribal Reservation	Total	
	Community Action Agency	11	27	0	0	38	6.3%
	County Government	111	38	3	0	152	25.1%
	Indian Tribal Organization	0	0	1	17	18	3.0%
	Joint Powers Board/Authority	4	8	0	0	12	2.0%
	Local Government	26	18	82	1	127	21.0%
	Nonprofit	85	71	10	0	166	27.4%
	Other*	4	7	3	0	14	2.3%
	Private-for-Profit	1	4	1	0	6	1.0%
	State Government	2	2	1	0	5	0.8%
	Transit Authority	24	32	9	2	67	11.1%
	None	1	0	0	0	1	0.2%
Total		269	207	110	20	606	100.0%
<i>**Other" was recategorized</i>		<i>44.4%</i>	<i>34.2%</i>	<i>18.2%</i>	<i>3.3%</i>	<i>100.0%</i>	

Data Source: 2016 National RTAP Status of Rural Transit Survey

The number of respondents indicating that they provide brokerage services, the type of organization they represent, and their service areas are shown in Table 2.

Table 2 Rural Brokerages Today—Service Area and Organization Type

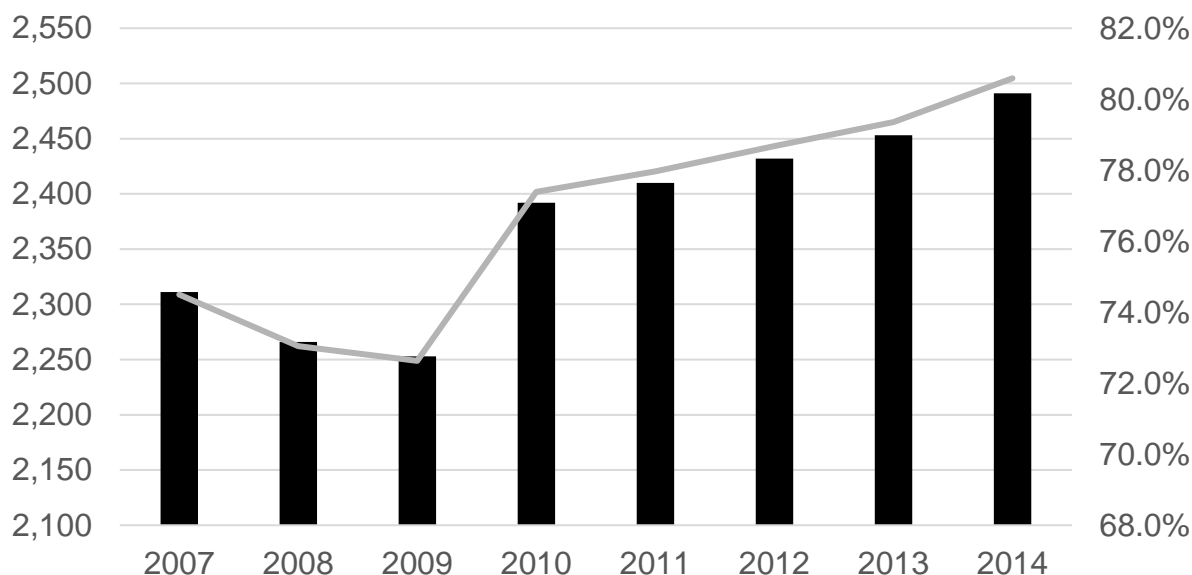
2016		Service Area					
Organization Type		Single County	Multi-County	Partial County	Tribal Reservation	Total	
	Community Action Agency	1	3	0	0	4	9.5%
	County Government	5	1	0	0	6	14.3%
	Indian Tribal Organization	0	0	0	1	1	2.4%
	Local Government	1	2	1	0	4	9.5%
	Nonprofit	4	10	1	0	15	35.7%
	Other	0	1	0	0	1	2.4%
	Private for Profit	0	1	0	0	1	2.4%
	State Government	1	1	0	0	2	4.8%
	Transit Agency	2	6	0	0	8	19.0%
Total		14	25	2	1	42	
		33.3%	59.5%	4.8%	2.4%		100%

Data Source: 2016 National RTAP Status of Rural Transit Survey

Rural Public Transportation Service Areas over Time

As shown in Figure 2, the number of counties that receive public transportation services from Section 5311 providers dipped in between 2007 and 2009, but began to rise immediately and in every subsequent year.

Figure 2 Counties with Section 5311 Service, 2007-2015



Data Source: Federal Transit Administration NTD Data 2007-2015, Rural Recipient Counties Served and State Administration

Table 3 shows changes in service areas between 2007 and 2016, based on responses to the National RTAP surveys conducted in 2007, 2013, and 2016. The percentage of partial county systems fell from 33% to 18% of respondents between 2007 and 2016, while the percentage of respondents representing single county or multi-county systems increased.

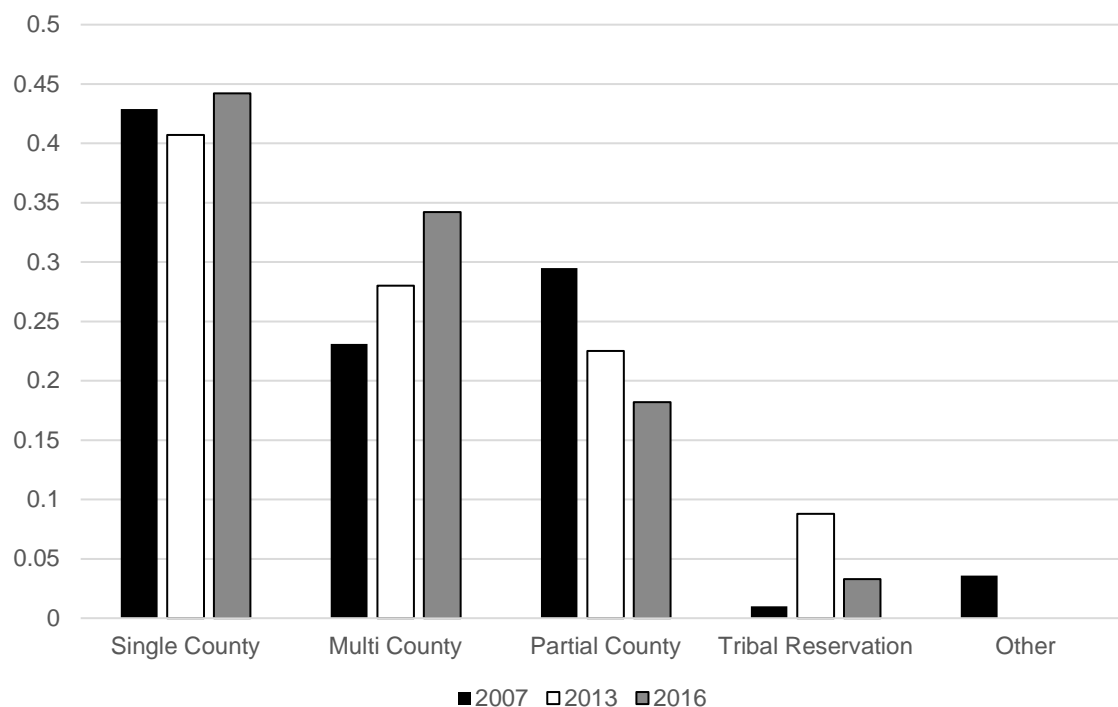
Table 3 Change in Rural Transit Service Areas over Time

Service Area	2007	2013	2016
Partial County	33.1%	22.5%	18.2%
Single County	42.9%	40.7%	44.2%
Multi-County	23.1%	28.0%	34.2%
Tribal Reservation	1.0%	8.8%	3.3%
Number of Survey Responses	NA	489	606

Data Source: 2016 National RTAP State of Rural Transit Survey, 2013 National RTAP State of Rural Transit Survey, 2007 Status of Rural Transit Report

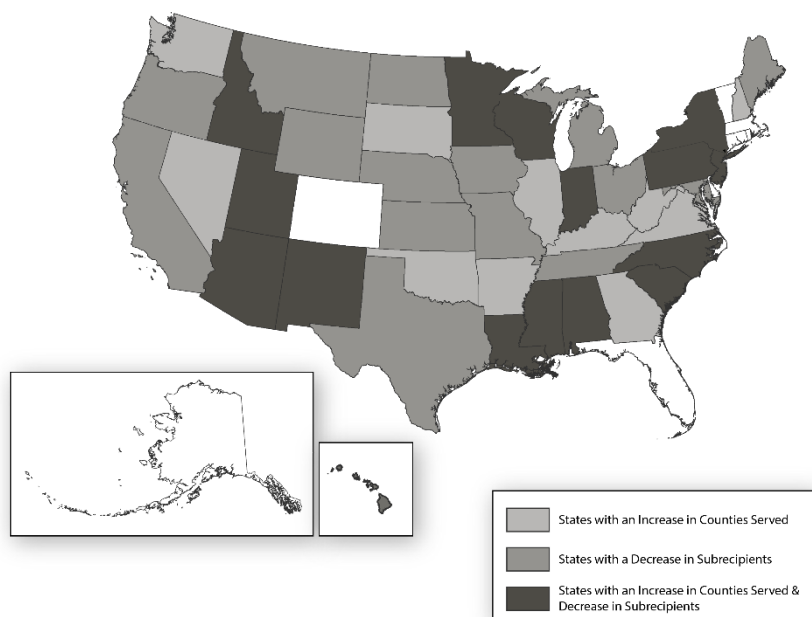
Figure 3 shows the same information graphically.

Figure 3 **Changes in Rural Transit Service Areas over Time, 2007-2016**



Data Source: 2016 National RTAP State of Rural Transit Survey, 2013 National RTAP State of Rural Transit Survey, 2007 Status of Rural Transit Report

To identify states that might have experienced consolidation of rural public transportation services, the research team examined change in number of counties receiving public transportation services from Section 5311 subrecipients and change in number of subrecipients by state, using NTD data. Figure 4 shows the results, between 2009 and 2014.

Figure 4 *Change in Counties Served and Subrecipients by State, 2009-2014*

Data Source: Federal Transit Administration NTD Data 2009-2014, Rural Recipient Counties Served and State Administration

In states shaded light gray, the number of counties served increased between 2009 and 2014. In states shaded medium gray, the number of 5311 subrecipients decreased over that time period. States shaded dark gray experienced both an increase in counties served and a decrease in the number of subrecipients, indicating possible evidence of consolidated services to be explored more during the state DOT survey.

States in which number of counties served increased and number of subrecipients decreased include:

- | | |
|---------------|------------------|
| • Alabama | • Nevada |
| • Arizona | • New Mexico |
| • Idaho | • North Carolina |
| • Indiana | • Pennsylvania |
| • Louisiana | • South Carolina |
| • Minnesota | • Utah |
| • Mississippi | • Wisconsin |

Summary of Findings

The data analysis answered some of the key questions that the Task 69 research sought to answer:

- Single-county rural public transportation systems still predominate
- 44% of the respondents to National RTAP's 2016 survey reported single county service areas
- Multi-county service areas were reported by 34% of the respondents to National RTAP's 2016 survey, the second highest service area category
- Three-quarters of all rural public transportation providers responding to National RTAP's 2016 survey are:
 - Nonprofit organizations (27%)
 - County governments (25%)
 - Local governments (21%)
- Of the providers reporting multi-county service areas, most represent:

- Nonprofit organizations (34%)
- County governments (18%)
- Transit authorities (15%)
- Community action agencies (13%)
- The percentage of respondents to National RTAP surveys that reported multi-county service areas increased between 2007 and 2016. The percentage of respondents representing single county public transportation systems also increased.
- The number of counties receiving service from Section 5311 providers has been increasing since 2008, and was 80% of counties in 2015
- In 14 states, the number of counties receiving 5311 service increased and the number of 5311 subrecipients decreased

CHAPTER 5

State DOT Survey

Purpose

The research team conducted an online survey of state DOT public transportation directors, Section 5311 program managers, and RTAP program managers for information about state DOT efforts to encourage, facilitate, or support consolidation of rural public transportation services. DOT respondents also identified potential case study sites.

Methodology

Links to the online survey were sent to public transportation directors, Section 5311 program managers, and RTAP program managers. The American Association of State Highway and Transportation Officials' (AASHTO) Multi-State Transit Technical Assistance Program (MTAP) coordinator assisted by distributing the survey link to MTAP members and state representatives. There were 28 completed responses to the survey, including responses from two or three individuals at five DOTs, for a total of 23 states reporting.

Telephone interviews were conducted with state DOT staff members who suggested case study sites, to learn more about those consolidation efforts.

Summary of Survey Results

Representatives from the state DOTs were asked whether consolidation of public transportation had been a focus or area of activity for their agency. As shown in Table 4, 12 of the agencies, or just over half of the 23 states that responded to the survey, reported consolidation activities.

Table 4 **State DOTs' Consolidation Efforts**

	Yes (12)	No (11)
Has consolidation of public transportation services been a focus or area of activity for your state DOT?	Idaho	Arkansas
	Maryland	Florida
	Mississippi	Georgia*
	Montana	Indiana
	Nebraska	Iowa
	New Mexico	Michigan*
	North Carolina	Missouri*
	Oregon	New Hampshire
	Pennsylvania	North Dakota
	Vermont	Utah
	Virginia	Wyoming
	Wisconsin	

* Agencies in these states have consolidated services in the past ten years, though the DOT did not play a role in the effort

Agencies that reported they had not participated in consolidation efforts were asked to explain why they had not been involved in encouraging or facilitating the consolidation of public transportation systems. The responses from these states are shown below in Table 5.

Three other states reported activities related to coordination or consolidation, as shown in Table 5.

Table 5 *Other Related Activities*

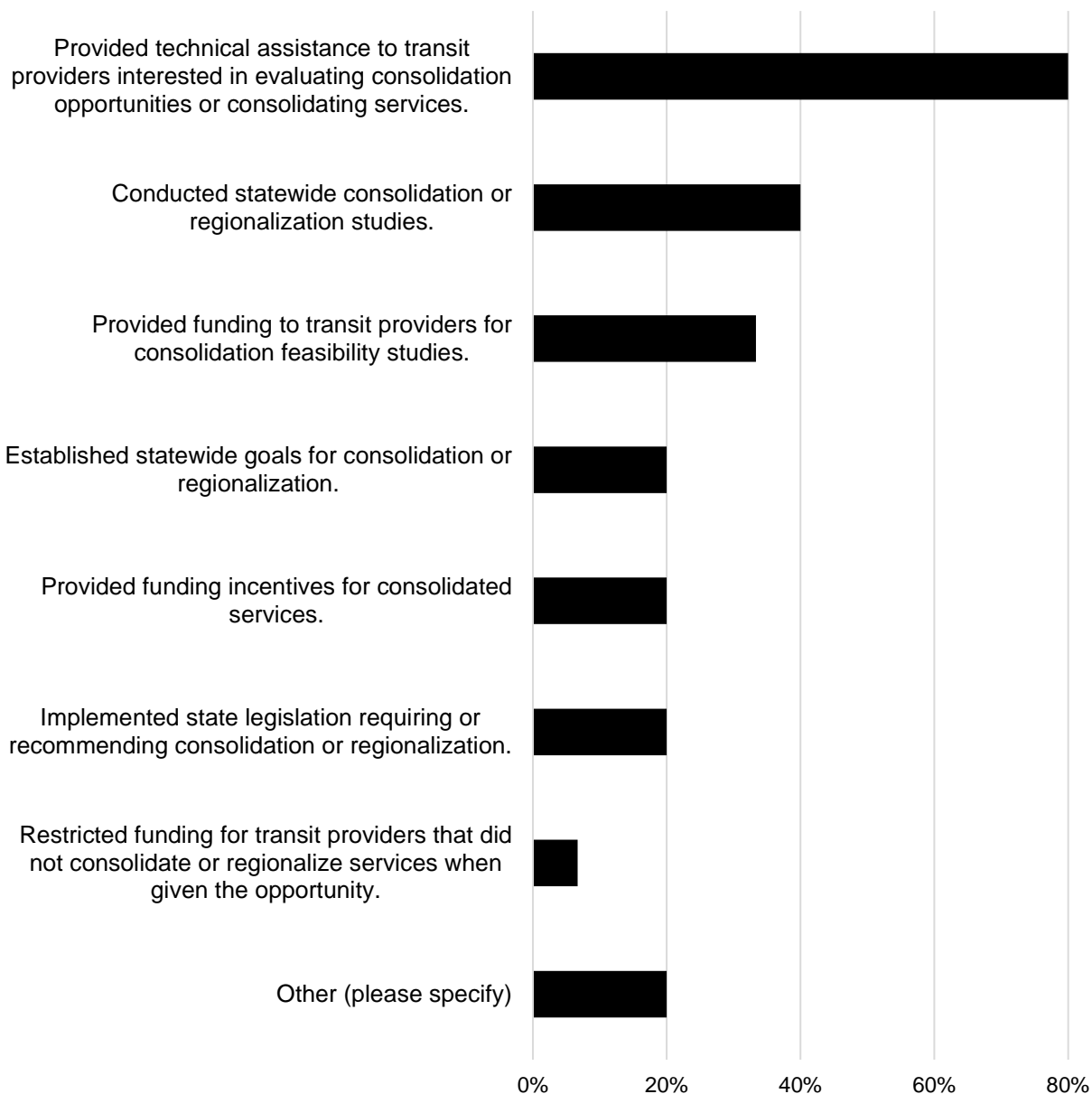
State	Response
Georgia	This topic is being explored by a special committee of the GA House of Representatives. GDOT, through our Commissioner, is an ex-officio member of the committee.
Michigan	We have considered statewide goals and incentives/disincentives, but it would require legislative change.
Oregon	We have focused very highly on coordination, which has some of the elements you mention in consolidation.

Consolidation Encouragement Efforts

As shown in Figure 5, an overwhelming majority (12) of the 15 states that reported some involvement with coordination or consolidation provide technical assistance to transit providers that are interested in consolidation. Six of the responding agencies have conducted statewide consolidation or regionalization studies. One third (5) have provided funding to transit providers to conduct such studies. Four states provide funding incentives to encourage consolidated services. Three states have implemented state legislation that requires or recommends either regionalization or consolidation. One fifth of states (4) have established statewide goals for consolidation or regionalization. Only one state has restricted funding to transit providers that did not consolidate or regionalize services when given the opportunity.

Figure 5 Consolidation Encouragement Methods

Please identify all the ways your DOT has encouraged or facilitated rural/small urban public transportation system consolidation.



The states that have undertaken each type of consolidation encouragement or support are shown in Table 6.

Table 6 Actions Taken to Encourage or Support Consolidation by Specific States

Action to Encourage or Support Consolidation	States Taking Action
Statewide goals for consolidation/regionalization	Mississippi, Nebraska, Oregon
Technical assistance to transit providers	Idaho, Michigan, Mississippi, Missouri, Montana, New Mexico, North Carolina, Oregon, Pennsylvania, Vermont, Virginia, Wisconsin
Statewide consolidation/regionalization studies	Georgia, Mississippi, Nebraska, New Mexico, North Carolina, Pennsylvania
Funding to providers for consolidation studies	Michigan, Montana, New Mexico, North Carolina, Oregon
Implement state regionalization/coordination legislation	New Mexico, Oregon, Pennsylvania
Funding incentives to encourage consolidation	North Carolina, Pennsylvania, Vermont
Restriction of funds to providers that do not regionalize or consolidate when given the opportunity	North Carolina
Other	Georgia, Michigan, Oregon

Recent Consolidations

Fifteen DOTs were aware of public transportation providers in their state that had consolidated in the past ten years, whether or not the state had participated in the effort.

Among those 15 DOTs, most (8) reported one to three consolidations taking place in their state over the previous ten years. A third of respondents (5) reported four to six consolidations, and two states had ten or more consolidations over that period.

Reasons for not Encouraging Consolidation

Agencies that reported they had not been involved in encouraging or facilitating the consolidation of public transportation systems were asked to explain why their reasons. The most frequently cited reasons were:

- Longstanding providers that serve their communities well and/or work well with each other
- Service areas that are separated by long distances or do not overlap

All responses from these states are shown in Table 7.

Table 7 ***Reasons Cited by State DOTs for not being Involved in Encouraging or Facilitating Consolidation***

State	Response
Arkansas	Current individual systems appear to be working well. However, we are currently involved in and promoting coordination activities.
Florida	The issue of local funding. Hard to get multiple counties to agree on their fair share.
Georgia	It is an area we are very interested in - by "consolidation", I'm not sure if you mean regionalization of rural systems, which we have worked on (i.e. there are four in GA now). We need to do much more of this in our state. We have the largest number of rural systems in the U.S. and need to move toward more efficiency. Our regional commissions (the planning agencies for non-metro areas) are the ones managing the current four region systems. FTA compliance is a concern for GDOT. We are working on that now with them.
Indiana	Our current sub-recipients have been in the program for many years and we have great working relationships with each. However, we do have multiple sub-recipients that operate as multi-county systems and contract with local agencies within each county in order to provide regional service.
Iowa	Our state has only 35 public transit agencies - one for each region (16) and 19 urban areas. There is some opportunity for consolidation in one of our urban areas where there are 3 transit systems (2 city, one university), but otherwise there is very little overlap in services.
Michigan	The term "focus area" seems too strong for us to say yes. We are responsive to local interest and provide technical and financial assistance to those areas interested in pursuing consolidation. We have had internal discussions about the possibility of providing incentives/disincentives to areas that have more than one transit agency in the county, but that would require legislative change. We consider it an important issue, but we just would not consider it a "focus area"
Missouri	Not needed at this time.
New Hampshire	For the most part, each region of the (small) state has established providers throughout the years, with little to no overlap. A formal consolidation seems unnecessary and would otherwise be difficult to implement due to the lack of state matching funds.
North Dakota	Being a very rural state, most of our transit agencies are very small, operating 1 - 3 vehicles. The small communities that actively use transit are very loyal and dependent on their driver and their vehicles. It is hard to get them to ride with another service. The NDDOT has attended board meetings in communities to encourage more coordination as a start to possible future consolidation. The opportunity has not presented itself for the state.
Utah	Rural transit systems in Utah are spatially separated by large distances and would not accommodate consolidation
Wyoming	We do not have enough of them in any one town or region to make it cost effective. The distances between our towns are too great to make it worthwhile.

Key Findings from the DOT Survey

- Almost half of states responded to the survey. Of those, roughly half encourage or support consolidation.
- Technical assistance to transportation providers that are interested in consolidation is offered by most of those states.

- Consolidation or regionalization studies, either statewide or regional, are another frequently used tool to encourage moving forward with consolidated public transportation services.
- Legislation that either requires or recommends consolidation or regionalization exists in three states
- Four states provide financial incentives to encourage consolidation; only one state withholds funding from transit providers that have been given the opportunity to consolidate or regionalize and choose not to do so.

CHAPTER 6

Consolidation Case Studies

Selection of Sites

The research team initially identified four strong candidates for case studies; California, Minnesota, North Carolina, and Pennsylvania. Initial guidance from the Panel suggested that diversity of governance models was of key interest, as was the identification of barriers to consolidation. Innovative approaches to consolidation and different sources of funding were also cited as key factors to consider. The Panel was engaged on the topic of case studies throughout the research phase through discussion and email recommendations.

Following the literature review, survey of state DOTs, and follow-up phone calls, twenty-two consolidated systems emerged as potential case study sites. The Panel assisted in the final selection of four case studies of highest interest through a survey ranking exercise. Based on this input, obtaining geographic distribution, and illustration of various administrative/governance structures and types of partners, the four selected case study agencies were:

- North Central Regional Transit District, New Mexico
- Western Piedmont Regional Transit Authority, North Carolina
- Crawford Area Transportation Authority, Pennsylvania
- Southeast Vermont Transit, Vermont

Case studies were developed for the four selected states using an on-site interview and phone interview approach. Also included in the site visits were partner agencies with a perspective to share. Case studies are included in this chapter and in the companion Guidebook.

Site Visits

Research team members made visits to each case study site during September 2017. Each visit included interviews with management and supervisory staff of the consolidated rural public transportation systems, individuals who had been involved in the consolidation effort. During some visits, board members and representatives of key partner organizations were also interviewed. Site visits also included tours of operations facilities and service areas.

New Mexico: North Central Regional Transit District

Background

Two key pieces of legislation enacted by the State of New Mexico allowed the North Central Regional Transit District (NCRTD) to become the regional public transportation provider to four counties in the northern part of the state. The first piece of legislation is the Regional Transit District Act (§73-25), authorized in 2003, which permitted the creation of regional transportation providers on a cross-county basis. The RTA Act emphasized regional public transportation. Prior to this legislation, New Mexico law allowed only local or county governments to offer public transit service. Shortly after the RTD Act took effect, ten member communities joined together in 2004 to establish NCRTD, which became the first regional transit district certified by the State of New Mexico. The second legislative effort, which was passed in 2004, enabled counties to levy a gross receipts tax (GRT) up to 0.5% to fund public transportation within a regional transit district (§7-20E-23).

Though formed earlier in 2004, NCRTD did not begin providing bus service until 2007, following the RTD's consolidation with the Española and Rio Arriba County transit systems. The consolidation with these two government's transit operations began in March 2006, and finished in October of the following year when NCRTD took over operations of Española and Rio Arriba's fixed-route and demand response services. The following year, the district voters passed the RTD's referendum for a GRT of 1/8 of 1%, with a sunset clause of 15 years. The passage of the GRT eliminated the need for member communities to contribute directly to NCRTD, and allowed the agency to provide fare-free service. Despite the earlier consolidation by NCRTD, this summary will focus on the consolidation with the Taos Chile Line.



North Central Regional Transit District
Española, New Mexico

Service Area:	Los Alamos, Rio Arriba, Santa Fe, and Taos counties; 10,079 square miles
Service area population :	236,914
Service type:	Rural, suburban, and small urban
Modes:	fixed route, express bus, seasonal ski routes, ADA paratransit, demand-response, flex routes, dial-a-ride
Vehicle fleet:	69 vehicles primarily for fixed route
Annual trips:	274,007 (not separated by mode)
Total operating budget:	\$12,090,861
Date of Consolidation:	July 1, 2015
Consolidation Partners:	NCRTD and Town of Taos' Chile Line
Primary Contact:	North Central Regional Transit District, Executive Director, 505-629-4725, www.ncrtd.org

Process

In 2013, NCRTD began to update its five-year service plan, looking to create better-connected service and to eliminate duplicative services. The five-year update included the flexibility to consider further

consolidations in the medium-term plan. During the service plan update process, the consultant study team spoke with other public transit providers operating within the district, including the Town of Taos Chile Line. Through these conversations and the ensuing study process, NCRTD and the Taos Chile Line identified a duplicative route running south of town to the University of New Mexico-Taos campus. NCRTD was operating service to the comparatively local campus, while the Chile Line's Taos Express offered regional service to Santa Fe. In February 2014 the Town and NCRTD agreed to swap routes, though NCRTD committed to operating the Taos Express only on weekends. This was the beginning of a partnership between Taos and NCRTD, as well as the start of NCRTD's weekend service. In effect however, the route cooperation between the agencies initiated the consolidation of the Chile Line and NCRTD.

Following the swapping of the two routes in 2014, the Town of Taos approached NCRTD about merging their services. The Town of Taos mayor had recently become the chair of the NCRTD board, and was in a position to advocate for the consolidation within both organizations. Due primarily to budgetary challenges, the Town of Taos hoped to shift transit to an entity that solely performed transit service, thus eliminating the financial challenges in meeting the federal subsidy match, in addition to capital requirements. Though the unofficial conversations surrounding the consolidation began earlier in 2014, the Taos Town Council and NCRTD board formally directed staff to discuss the Taos Chile Line consolidation in March and April 2015. The consolidation analysis was led by in-house NCRTD staff, with technical assistance from the New Mexico Department of Transportation (NMDOT). Prior to the consolidation's official discussion, NMDOT was informed of the proposed effort, and approved of exploring the potential consolidation.

With respect to goals for the consolidation, the Town of Taos sought to improve service, expand access to public transportation, and provide improved environmentally friendly transportation, while also assuring that no Taos transit staff member lost his or her job. NCRTD meanwhile saw an opportunity to expand its service area with no additional administrative costs, acquire a maintenance site and facility assets, and create an opportunity for enhanced service in the future.

The two agencies moved quickly in their consolidation negotiations following the initiation by the RTD board and town council. As a part of the consolidation conversations, NCRTD staff developed an impact evaluation on how the two services would combine. The impact evaluation covered the following areas:

- Service Implications
- Staffing Resources
- Fares
- Physical Assets
- Customer Service
- Financial Implications
- Transition Costs
- Annual Savings
- Town Representation
- Implementation

The service impact evaluation was presented to the NCRTD board, as well as to the Town of Taos. This impact evaluation allowed representatives of each group to better assess the potential hazards and benefits of the consolidation. Particular attention was paid to effects on the customers and employees of the organizations, as well as the local financial impacts.

Amidst the consolidation evaluation process, employees of the Town of Taos had questions and concerns regarding the possible merger. Chile Line employees, and Council members, were concerned about the elimination of positions, the loss of seniority, and a drop in pay and benefits. In an effort to allay concerns, NCRTD requested that the Chile Line employees collect their questions and submit them to the agency. NCRTD provided written responses to these questions, and met with the employees to discuss any further unresolved issues. Under the negotiated consolidation, all existing Chile Line positions would be maintained by NCRTD. Though tied to an initial probation period, all eligible Taos employees who transferred to NCRTD would receive a wage increase and higher pension contributions from NCRTD, and maintain their original date of hire.

Following the impact analysis summary, and employee outreach and discussions, both the Taos Town Council and the NCRTD board approved the consolidation in April and May 2015 respectively, though negotiations between the two agencies had been underway for several months. After the consolidation approval a series of agreements were developed to facilitate the merging of the two services. The agreements were as follows:



- **Acquisition and Consolidation Agreement**—under this agreement, the two entities laid out the timeline for consolidation, and the transfer of employees, assets and funds. In an effort to capture the last quarter of funding from the FTA, the RTD designed the transfer of funds to take place after NCRTD took over the service on July 1, 2015. This agreement further provided a one-year reversion provision that would allow the Town of Taos to take back ownership of the Chile Line system if they were dissatisfied. After the one-year period, however, the system would remain a part of NCRTD. Finally, the Town had to fund (or pay) for the accumulated paid time off for transferring employees.
- **Use of Right of Ways Agreement**—NCRTD gained permission to operate service along roads and streets owned by the Town of Taos.
- **Vehicle Maintenance Agreement**—this agreement, which would have retained the Town of Taos to provide maintenance service for some of NCRTD's vehicles, was considered but not maintained.
- **Interim Use License for Taos Transit Facilities**—because the transfer of some assets required state and FTA approval, there was a lag in the shifting of vehicles and facilities from the town to NCRTD. Thus, the two groups entered into a temporary agreement that allowed NCRTD to use the assets while they were still technically held by the Town of Taos.

Following these agreements, NCRTD undertook an environmental analysis of the new properties, including an on-site assessment, as the Taos transit facility was to be split from a larger facility. NCRTD was additionally required by the New Mexico Department of Finance and Administration to have the property appraised prior to its transfer. In addition, the transit maintenance facility was on land owned by the town, which was used as in-kind match for FTA grants in 1990s. The FTA therefore required an estimate of the remaining useful life of the property. Finally, NCRTD performed their own asset inventory. This inventory looked at every bus and its condition, every bus stop shelter and sign, the maintenance shop inventory, and all other associated assets. The inventory provided NCRTD a clearer understanding of the assets received under the consolidation. The increase in assets, and their respective useful lives, would have

to be accounted for in reporting at the end of the fiscal year for the Annual Comprehensive Financial Report, and therefore a baseline inventory and conditions assessment was needed.

In an effort to educate and reassure the public, NCRTD held public meetings with both governing bodies prior to the finalized consolidation. The agencies also used on-board notices on both systems' buses to alert the public, as well as publicly accessible town council and RTD board meetings, and interviews with the media. These outreach efforts occurred not long after completion of the NCRTD five-year plan, wherein the agency completed 16 public meetings. As a result, the agency felt they had a strong understanding of community needs in the region. NCRTD also agreed to honor the Chile Line's branding, and created a cross-branding at NCRTD Chile Line.

At the conclusion of these efforts, NCRTD began operation of the Chile Line on July 1, 2015.

State DOT Role

The State of New Mexico has maintained a relatively neutral role in the transit consolidations undertaken by NCRTD, though it has collaborated with and supported the agency with technical assistance. The state has enabled RTDs to take form, to use locally raised sales taxes for transit service, and to increase their service areas through mergers and consolidations. In addition to these legislative initiatives, NMDOT provided planning grants for each RTD to create a business plan provided there was a 20% match. Separately, under NMDOT policy existing RTDs may not receive FTA funding unless their business plan has received approval by their governing board.

With regard to NCRTD's consolidation with the Taos Chile Line, the state provided technical guidance, information, and discussion on matters for which NCRTD requested help. Additionally, NMDOT helped the agency navigate funding applications for the consolidated services. Despite these efforts by NMDOT, the state does not provide any annual matching funds for public transportation grants.

The effects of the consolidation on NMDOT are small, though notable. First, NCRTD's multiple consolidations have expanded the total transit service area in the region. NCRTD provides more service hours than the original combined providers, and has expanded its service area beyond the total service area of the combined agencies. As a result of these service area expansions, NMDOT distributes more federal operating funds to NCRTD overall than the sum of the original agencies, and has enabled NCRTD to increase the relative effectiveness of its services. Secondly, NMDOT has been able to streamline its compliance oversight efforts to focus on one agency and has benefited through more consistent levels of cooperation and operating standards through the consolidated service.

Results

The consolidation has now been in place for two years, and all associated partners agree that it has been a success. Fixed route service has expanded to include new areas and service reliability and quality has improved. NCRTD's general operational practice has been to engage their drivers for ideas on how to improve the service, and to speak directly with riders, and the feedback has been positive. NCRTD held a general public meeting in Taos a year after the consolidation was put into place. The meeting was designed for NCRTD to receive direct public feedback, and learn if the Taos public thought NCRTD had met its commitments. The public response affirmed that the NCRTD had provided improved local transit service. In addition, the public made requests for further enhancements and more service expansions, particularly for areas outside of town.

Taos area transit riders have been perhaps the greatest beneficiaries of the consolidated service. Existing Chile Line customers gained a service area expansion, consistent operating policies, the potential for additional service hours, and better regional connections. NCRTD's better technology has also delivered an improved customer experience, with a centralized website and live bus tracking. Additionally, fares have been eliminated on all Chile Line routes, providing a valuable windfall for many existing riders.

For the Town of Taos, the new service has improved transit reliability in the area and saved the Town nearly \$200,000 in annual matching contributions, and operations and capital expenses. Though NCRTD's operating expenses have increased with the inclusion of local Taos service, it has gained additional assets, lowered costs for local maintenance due to an expanded facility network, and provided additional service with no additional administrative costs. Despite these improvements, there were unexpected costs associated with the consolidation for technology upgrades and replacements. The Chile Line buses had to be outfitted with GPS, AVL, AVAs, MDTs, APCs, and other of technology updates. NCRTD additionally needed to scale up its software to accommodate the service expansion. Despite these technology costs, the agency had an available 5311 grant that helped manage the cost of upgrading the system's technology.

Employees who transferred from the Town of Taos to NCRTD received an increase in both pay and benefits. Employees were additionally able to continue working in their local area, as NCRTD allows drivers to bid on the routes they would like to drive, and most prefer to work in the area in which they live. Although any eligible Town of Taos transit employees were able to transfer to NCRTD, a minority of those who transferred to NCRTD have remained with the agency after two years.

Lessons Learned

NCRTD

Through the consolidation process, the NCRTD identified several lessons that assisted in a relatively smooth transition. The first was the consolidation process works optimally when the potential partners come forward and share honestly their goals for the merger or partnership in the beginning of the effort. This transparency allows the associated elected bodies to make better decisions, and to better inform their constituents. In addition, potential partners need to be aware of the politics surrounding a consolidation, and address those early on before the policymakers need to make a decision. Additionally, the consolidation process is notably easier when the various agencies' leadership is on the same page. Any associated elected body also must be able to communicate clearly to its constituents why this consolidation is a good idea, and this message must focus on a regional perspective and not a local one. Finally, constituents ought to be included appropriately in the planning, consolidation, and merger process, as eventually these constituents will be the same people represented by the district and the district partners.

There were several additional essential ingredients that NCRTD noted. The first is that the process will likely take longer than what might be expected. Though the Chile Line's consolidation officially only took a few months, the entire process involved months of conversations prior to the official consolidation exploration period. The second is that the transfer of employees is an important issue, and needs to be handled carefully and respectfully. First of all, the employees affected by the consolidation must not suffer a loss in this process. This accommodation, however, must be balanced with the expectations of the managing agency. The agency must clearly communicate the operating principles to the new employees, as work cultures can be quite different in two different places.

According to NCRTD, however, the key to a successful consolidation is ensuring there are no regrets on the part of the agency, the local partners, or the service's customers. NCRTD believes the best method to

avoiding any misgivings on the consolidation is by providing better public transportation service than has previously been offered.

NMDOT

From the state's perspective the key lesson of the consolidation process is that there needs to be a local champion to push for the consolidation and motivate other members or representatives. Additionally, NMDOT believes that the consolidation process must be led locally, and not from the top down or mandated by the state. For NMDOT, this is done by giving the RTD the necessary tools to grow the service, and technical support where it is needed. Despite the state's assistance, the consolidation needs to be supported locally and publicly by partner agencies, with a local representative to push the effort.

North Carolina: Western Piedmont Regional Transit Authority/Greenway Public Transportation

Background

The Western Piedmont Regional Transit Authority (WPRTA) serves four counties in the Catawba Valley region of western North Carolina, locally known as the Western Piedmont region. This description is important because the underlying impetus and success of this consolidation is the principle of collaboration toward a common goal. The four counties that make up the Western Piedmont region have a history of cooperation and support that initiated the consideration of consolidation as early as 2002, supported by a planning grant from the Community Transportation Association of America. The resulting 2004 plan, followed by a 2007 Implementation Plan, laid the groundwork for consolidation. On July 1, 2008 WPRTA became the first rural and urban regional transit authority in North Carolina.

Although Census-designated as an Urbanized Area based on clustering of several small municipalities and significant commuting between jurisdictions, the population in each county is largely dispersed. The four independent transit service providers in the region viewed consolidation as an opportunity to create a transit system that would provide better service with greater efficiency for the region. Each system was structured somewhat differently; however, service provided was generally demand-response and subscription. Fixed-route service was only provided in the Cities of Hickory, Newton, and Conover.

Process

There was general agreement in concept that consolidation would be beneficial to all when the Implementation Plan began in 2006. Participating jurisdictions created a study committee to address their concerns



Western Piedmont Regional Transit Authority (Greenway)

Conover, North Carolina

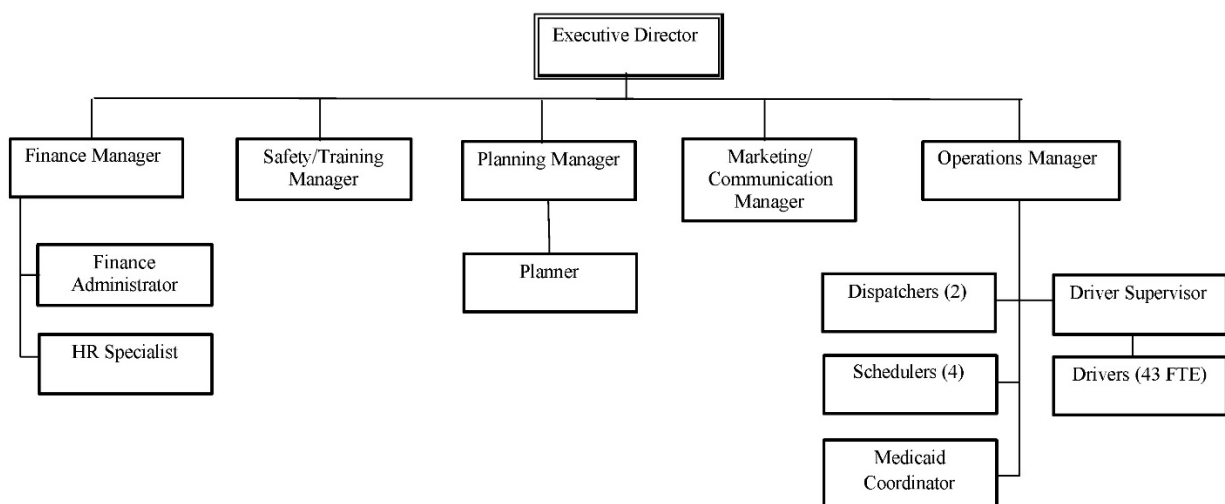
Service Area:	Alexander, Burke, Caldwell, and Catawba Counties
Service Area Population:	365,497
Service characteristics:	Rural/urban
Modes: Fixed route,	ADA paratransit, demand-response, flexible/deviated
Fleet:	Full-size transit bus (6), small transit bus (1), cutaway or body-on-chassis (24), standard van (25), minivan (3)
Annual one-way passenger trips:	227,507
Total annual operating budget:	\$4,855,901 (2017)
Date of consolidation:	July 1, 2008
Consolidation partners:	Alexander County Transportation (ACT); Burke County Transit Administration (BCTA); Caldwell County Area Transit System (CCATS); Piedmont Wagon Transit System (PWTS)
Primary contact:	Executive Director, 828-465-7642, http://www.mygreenway.org/

and guide decision making during the study process. This committee was comprised of transportation representatives from each of the counties and the North Carolina Department of Transportation Public Transportation Division (NCDOT PTD). Along with consultant support, the Western Piedmont Council of Governments (WPCOG), as the lead planning agency for the Greater Hickory MPO, played a major role. Three “guiding principles” were developed at the outset to address critical concerns (Western Piedmont Regional Transit Authority Implementation Plan, Final Report, June 2008, KFH Group):

- **Governance.** Stakeholders and committee members indicated that the governance of the system must be equitable among regional partners.
- **Costs.** The costs to operate a regional system must be the same or lower than the costs that are currently incurred to operation the four local systems.
- **Service.** The level of service provided in each of the participating jurisdictions must be equivalent or better than the services currently provided by the four local systems.

Primary among the concerns was the ability to retain current leadership and staff at each agency as well as maintain the service provided. The administrative functions were combined for efficiency, but operations in each county initially worked out of the existing facility. The Executive Director was hired as a new position. Other positions in the organizational structure were created and filled by leadership from each partner agency. The initial organizational structure is show below.

Figure 6 WPRTA Organization Chart (June 2008)



Changes to the routes, fleet mix, and other operational activities changed over time as efficiencies were identified. Each partner agency had a vested interest in success, and the responsibilities were shared by all.

Funding was perhaps the most significant challenge that WPRTA initially faced. A primary consideration for consolidation from the initial guiding principles was that operating cost for the new entity would be the same or less than that of four individual providers. The Implementation Plan provided an initial estimate of costs and revenue based on information from each individual partner system. The expectation was that individual transit agency revenues could be similarly combined to provide the initial budget for the new Authority expenses. However, as a single transit system, the federal funding allocation was *less* than the combined total. Even though NCDOT committed \$203,150 in state funds for transition administrative and capital expenses, there was almost no margin in the initial budget. This represented an immediate risk in the event of any unforeseeable event – such as a government shutdown or delayed funding allocation.

The Future Value Calculator shown in Figure 7 is a publically available tool which provides a quick analysis of expected future value. The individual transit agency 2007 operating costs were summed to provide the starting amount. The Future Value reported would be the expected operating cost of the consolidated agency in 2017. However, the total annual operating budget for WPRTA in 2017 is \$4,855,901; indicating a cost reduction for the consolidation outcome after 10 years. This type of analysis is very useful as a starting point in considering the potential financial outcome of consolidation.

Figure 7 Future Value Calculator

[Print](#)

Future Value Calculator

The future value calculator can be used to calculate the future value (FV) of an investment with given inputs of compounding periods (N), interest/yield rate (I/Y), starting amount, and periodic deposit/annuity payment per period (PMT).

Modify the values and click the Calculate button to use

Number of Periods (N)	10
Starting Amount	\$ 3242199
Interest Rate (I/Y)	5 %
Periodic Deposit (PMT)	\$ 0 /period

PMT made at the ☐ beginning ☒ end of each compound period

Calculate

Results

Future Value: \$5,281,200.53

PV (Present Value)	\$3,242,199.00
N (Number of Periods)	10.000
I/Y (Interest Rate)	5.000
PMT (Periodic Deposit)	\$0.00
Starting Amount	\$3,242,199.00
Total Periodic Deposits	\$0.00
Total Interest	\$2,039,001.53

State DOT Role

NCDOT PTD also began considering consolidation in 2002 as a statewide approach. A research study on *Regionalizing Public Transportation Services* was awarded to investigate rural consolidation as one of the research problems. As the subject was discussed with rural transit providers across the state, the perspective was not favorable in most cases. Whereas the WPRTA effort was collaborative and highly motivated, other transit service providers were more concerned with the survival of individual systems. At the time of the WPRTA consolidation, the state legislature mostly funded studies to illustrate the efficiencies and cost reductions possible with consolidation. Consolidation was encouraged at the state-level, but not rewarded. The amount of state funding per system was frozen in 2008, and reporting on operations and management spending became a requirement. Reallocation of revenue was impossible without a clear indication of spending patterns and needs.

North Carolina now has 14 consolidated rural transit systems. In 2017 the legislature will provide up to \$200,000 per year in recurring, formula-based funding for one system in each county which agrees to consolidate. Two new small systems were added this year as a result of this approach.

Results

WPRTA is now 10 years into consolidation with a strong outlook and financial stability. The early experience of limited revenue in the first year left a lasting impression on the staff of WPRTA. A primary goal is to maintain a funding cushion to weather future unforeseen events.

The agency has recently added a new outreach coordinator position with ongoing plans for community engagement. The Greater Hickory MPO provides annual funding through the Surface Transportation Block Grant Direct Attributable (STBG-DA) funds within the Unified Planning Work Program. All local jurisdictions continue to provide local match, advertising, and contract support.

Ridership is stable although the local economy was significantly impacted by the economic recession and loss of manufacturing jobs in the region. Innovations such as alternative fuel vehicles and technology enhancements are considered. As North Carolina continues to promote rural consolidation, WPRTA is held up as a model for success.

Lessons Learned

Both WPRTA and NCDOT PTD agree that the single most important step to consolidation is a clear understanding of current and projected budget needs and anticipated revenue. Developing a stand-alone budget that covers all needs as well as assists in setting up the rate model establishes the baseline for future planning.

Willing partners that make firm and ongoing financial commitments is also an important need for consolidation. Agreements on who manages finance, personnel, hiring, and procurement are all essential decisions for a new organization. Partners with a commitment from the outset along with strong leadership in both technical and financial capacity were a winning combination for WPRTA. PTD gives partnership and leadership much of the credit for the success of this consolidation. Developing a stand-alone budget that covers all needs as well as assists in setting up the rate model was also noted by PTD.

The initial facilitation effort and financial commitment by the Greater Hickory MPO was noted by both agencies as a strong boost to the consolidation as well as the ongoing regional support. The MPO Executive Director did considerable behind the scenes communication to encourage all partners and their county decision makers to consolidate. The MPO continues to engage WPRTA in the policy and technical committees for decision making.

A definition of what success means may be important at the state-level. Considering the perspective of the legislature and the diversity of the individual transit systems, this is likely not a one-size-fits-all definition. Additional interface with the MPOs across the state and participation in multimodal planning at the county-level are new strategies that PTD is using to further support rural transit system success. A strategic planning network of transit systems is under development. This system will help communicate individual transit system characteristics as well as the combined service needs for both planning and legislative support.

Pennsylvania: Crawford Area Transportation Authority

Background

In 2012, Crawford, Venango, Warren, Forest, and Clarion counties requested that the Pennsylvania Department of Transportation (PennDOT) assist with a regionalization/consolidation study to explore the feasibility of an integrated transit system in the northwestern part of the state. (As discussed below, regionalization studies are one of the supports PennDOT offers to local transit stakeholders interested in consolidation as a way to reduce costs and/or maintain service levels in an environment of constrained resources.)

At the time, public transportation was operated by municipal authorities in Crawford and Warren counties and county transportation departments in Clarion, Forest, and Venango counties. Phase I of the Northwest Pennsylvania Transit Regionalization Study analyzed the potential for a consolidated system serving the five counties and concluded that cost savings could be achieved. The Phase II study provided a framework for implementation and new structure. Although the other three counties remained interested in the prospect of consolidation, Crawford Area Transportation Authority (CATA) and Venango County Transportation (VCT) moved forward with a regionalization project, which resulted in a high-level consolidation and transition plan for the two transportation systems.



**Crawford Area Transportation Authority and
Venango County Transit**

Meadville, PA

Service area:	Crawford and Venango counties
Recent service area population:	2016 estimated population 86,257 Crawford County, 52,582 Venango County
Service area characteristics:	Rural
Mode(s) of service provided:	Fixed-route, ADA paratransit, Pennsylvania Shared-Ride service (open to the public; older adults and people with disabilities qualify for reduced fares), Medical Assistance Transportation Program (NEMT), human service agency contract service
Number of vehicles:	51 buses under 30 feet, 15 vans, 3 sedans/station wagons
Annual one-way passenger trips:	288,907 fixed route, 112,749 all demand response, FY17
Total annual operating budget:	\$4.3 million FY17
Date of consolidation:	July 1, 2016
Consolidation partners:	CATA, Venango County Transportation; Crawford County Board of Commissioners, Venango County Board of Commissioners
Primary contact:	General Manager, Crawford Area Transportation Authority and Venango County Transit, 814-336-5600, www.catabus.org

Of the five systems studied in Phase I, CATA was the largest in terms of staff and budget, provided the most extensive fixed route service, and was a highly respected organization in the region. It was the clear choice for lead agency in a consolidation effort. Through VCT, located in the county's Department of Human Services, Venango County provided a robust paratransit service, yet was more than willing to turn the management of its transportation services over to CATA.

In FY 2015-2016, prior to consolidation, CATA provided fixed route service in three communities as well as a variety of demand response services throughout Crawford County, which occupies 1,013 square miles, with a staff of 46 and a fleet of 45 vehicles. The organization's annual operating budget was approximately \$2.4 million. In the same year, VCT provided fixed route service to six communities and demand response services throughout Venango County, area 675 square miles. VCT operated with a staff of 27, a fleet of 23 vehicles, and an annual budget of approximately \$1.7 million.

Consolidation Process

Timeline

In November 2015, CATA and Venango County began planning for the consolidation. In February 2016, they signed a management contract under which CATA would assume responsibility for operation of VCT service beginning July 1, 2016. The agreement included the commitment to ensure that service in both counties would continue as before and that no non-administrative staff would involuntarily lose their jobs. The contract was open-ended, but the intention of both parties was to work toward a permanent relationship.

Between November and the following July, the organizations worked together to develop and implement a transition plan for absorbing VCT into CATA. Phase I and Phase II of the consolidation study provided a basic roadmap. After discussions with the CATA board, management of the two systems identified major issues to be addressed first and then broke them down into more detailed steps. Transfer of assets, transitioning employees, combining operations, ensuring financial stability, and identifying necessary legal actions were considered immediately. The goal was to have a consolidation framework in place even before the formal agreement between CATA and Venango County was signed.

After the management contract was signed in February, CATA began to standardize policy and procedures, onboard employees, rebrand vehicles and other elements, and get underway with public information efforts.

By the end of 2017, CATA hopes to have completed the legal process to increase its service area to include Venango County, by amending its articles of incorporation and bylaws through the Pennsylvania Department of State.

Governance

CATA is a municipal authority formed under the Pennsylvania Municipal Authorities Act. Members of its Board of Directors are appointed by the Crawford County Board of Commissioners, and must be county residents. With the addition of Venango County to the service area and because of a desire to keep the board at its previous size, one seat will now be held by a representative of Venango County. Two CATA board members volunteered to step aside for the good of the consolidated organization, and one will resign to create the seat for the Venango County representative.

Staffing

As a result of the consolidation, CATA staff almost doubled in size. Most of VCT's 20 drivers became CATA employees. Nineteen other Venango County employees allocated some or all of their time to VCT. The VCT manager and four members of the operations staff transitioned to CATA; the others remained with Venango County and were assigned other duties. No staff were laid off, although there was some natural attrition.

VCT's non-management employees were represented by the Service Employees International Union (SEIU); CATA employees are not represented. All VCT employees entered CATA as non-represented employees and all contractual obligations between Venango County and SEIU were handled outside of the CATA and Venango agreement.

CATA hired a Human Resources Specialist to handle personnel issues, and later changed that position to a full-time Human Resources Manager.

The Venango County Human Resources Department handled all employee termination issues. CATA was responsible for hiring Venango County employees. No employee files or certifications were available from Venango County, so the onboarding process was more time-consuming than anticipated.

CATA's Executive Director became General Manager of CATA and Venango County Transit, the new name for VCT. VCT's manager became Deputy General Manager of CATA and Venango County Transit.

With financial assistance from PennDOT, CATA brought in HR consultants to help with the transition and provide employee training. Other efforts to alleviate Venango County staff concerns about the move to CATA and make them feel part of the organization included a number of meetings prior to July 1 (including meetings with the CATA board chair) and ongoing monthly driver meetings, spring/fall safety meetings, an employee newsletter, and weekly visits by management staff to each operating location.

Operations

Prior to the consolidation, operations for CATA were based in Meadville and Titusville in Crawford County; VCT operated from a job trailer and maintenance barn in Franklin in Venango County. All three locations have been maintained, but a new consolidated call center was opened in rented space in Cochran, halfway between the hubs for the two counties. That call center will close in early 2018 and move into the new CATA maintenance/operations facility in Meadville that is currently under construction.

Venango County assets, including vehicles and equipment and the Franklin facility, are currently leased by CATA but will become CATA property when the legal transition is completed later this year.

PennDOT has purchased the Ecolane paratransit scheduling software for providers across the state. The system was implemented at VCT in April 2015, and about a year ago at CATA, although implementation was proceeding slowly. VCT staff were very helpful with moving CATA's implementation forward as part of the consolidation.

CATA will continue to provide non-emergency medical transportation (NEMT) trips as the primary provider in Venango County. Venango County will be responsible for all intake and eligibility, with Crawford County as a subcontractor for NEMT.

CATA's planning manager is now reviewing the fixed routes formerly operated by VCT; the first modifications are planned to take effect in fall 2017. Opportunities for connections between CATA and the former VCT routes to enable easier intercity travel are also being explored.

Public Information and Marketing

Once the management agreement was signed in February 2016, CATA began using newspaper ads, radio spots, and public meetings to inform the public about the planned consolidation and to reassure them that their services would not change.



Some rebranding also took place, to retain the local Venango County service identity but link it with CATA. The service formerly known as "Venango County Transportation" was renamed "Venango County Transit." Vehicles now display that name, plus a "Powered by CATA" tag line and CATA colors. All staff wear CATA uniforms and bus stop signs, schedules, and other public information materials are being revised to show the same look and feel. The consolidated organization adopted a new slogan: "Partners in Transit, Because Every Trip Matters," to showcase the partnership between the two counties.

Ongoing and Future Activities

CATA's new Meadville maintenance and operations facility will include the consolidated call center operation that serves both divisions. As part of that project, CATA is transitioning from contracted to in-house maintenance. CATA has created and filled a new maintenance manager position, and now has two mechanics on staff who had been Venango County employees. More positions for mechanics will be created.

Prior to the consolidation, Venango County was working with the community of Oil City and PennDOT on a project to redevelop an unused parking garage next to property owned by the county for a public transportation facility. Oil City is more centrally located in the county than Franklin, so CATA's Venango County transit operations will be moved to that facility in the future.

A planning project on the horizon is a review of Crawford and Venango county fare structure and policies, with the goal of making them more consistent.

Challenges

The top challenges faced by CATA during the consolidation with Venango County included staff and technology issues.

Members of CATA's management/supervisory staff were opposed to the consolidation, which was an unanticipated major obstacle. Because the new partnership increased the size and composition of the CATA staff, reporting relationships, duties, and supervisory responsibilities changed for some staff members.

Some individuals were not comfortable with the new structure and assignment of duties, and eventually left CATA voluntarily.

Separating VCT phone numbers from the Venango County telephone system was another major challenge, one that took about eight months to resolve and required help from an outside contractor (calls to reserve demand response trips rang in the County Commissioners' office for a period of time).

VCT driver concerns about joining an organization in another county were addressed through ongoing, open communication about CATA and the consolidation and continuing efforts to make all employees feel that they are part of one team.

Operational issues the expanded organization faced included the incorporation of Venango County's demand response service funding sources into CATA's Ecolane system and familiarizing CATA call takers with them, and dealing with the geographic distance between Crawford and Venango operations hubs, as management staff travels between them regularly to oversee operations and spend time with all employees.

State DOT Role

Pennsylvania has a history of evaluating and encouraging coordination and consolidation of public transportation services. A 2009 study required by Act 44, which also created a dedicated public transportation trust fund, developed recommendations for a regional approach to coordinating human service transportation in the state. Based on that study, and a recommendation of the 2011 Pennsylvania Transportation Funding Advisory Committee, PennDOT began assisting local entities with transit regionalization/consolidation studies.

Regionalization/consolidation studies are conducted at the request of local stakeholders. PennDOT manages and funds the studies (no local match is required), which are conducted by consultants working with those stakeholders to apply a consistent approach and methodology. A focus of the studies is identifying potential cost savings through reduction of duplicative administrative expenses, such as staffing, procurement, auditing, and reporting. Levels of service and operational staff are assumed to remain unchanged.

Local goals are important elements of the studies. No uniform approach to consolidation is assumed; solutions vary according to local goals, concerns, and preferences. The studies identify opportunities for cost savings and present a high-level framework for consolidation if such opportunities exist, but no recommendations are made. Decisions about whether or not to move forward with consolidation are entirely up to local stakeholders.

Act 89 of 2013, which addressed capital funding for public transportation, also included local match waiver provisions as an incentive for consolidation. Act 44 sets a requirement for local match to state operating assistance of up to 15% for providers of fixed route services. Match requirements increase by 5% per year up to 15%. Public transportation providers that consolidate and achieve net cost savings that are greater than or equal to their local match requirements may apply for a five-year waiver of that local match.

To date, consolidation in at least six areas has resulted from studies facilitated by PennDOT. The Act 89 local match waiver provision has increased the number of areas that have pursued consolidation.

Following consolidation, PennDOT provides technical and financial assistance as needed to address issues identified by local transportation providers. Support might include legal or financial guidance or funding for start-up expenses such as branding or marketing activities, office space modification or furniture, or any other needs that the consolidating entities have.

In the CATA/VCT consolidation, PennDOT paid for a human resources consultant, as mentioned above, and for Ecolane to train new VCT staff after the departure of the system's scheduler, and moved CATA up in the queue for Ecolane implementation because of the impending consolidation. (One reason for PennDOT's acquisition of Ecolane, and the upcoming purchase of a fixed route ITS system, for implementation across the state, is to ensure that technology is not a barrier to consolidation.)

Consolidation generates benefits for PennDOT as well as local transportation providers. Eventually, consolidated systems receive just one grant from PennDOT, which reduces administrative costs. Larger organizations are usually able to hire staff that are dedicated to areas such as civil rights or procurement, so compliance with federal and state requirements improves, which reduces staff time for PennDOT.

Results

The consolidation of CATA and Venango County Transit is viewed locally and by PennDOT as a success. CATA is now a bigger, better professional transit agency that offers more opportunities for staff to develop skills and advance their careers.

The consolidation has resulted in more than the minimum amount of cost savings necessary to qualify for the Act 89 local match waiver (\$68,000). First year savings are slated to reach \$150,000 system wide. CATA will be applying for the waiver for its 2016/17 operating year.

Another major result cited by CATA management is the successful merging of organizations that had two very different cultures, despite resistance from some staff members, into one entity that values mutual respect. Related to that achievement is the fact that staff members from both original organizations have shared their expertise with and learned from each other, to the benefit of the consolidated system.

Lessons Learned and Recommended Practices

CATA and former VCT staff offered the following advice to other transit providers that may be involved in a consolidation effort:

- It is important to develop a transition plan; think through all issues in advance of making actual changes, and adapt the plan as necessary. A consolidation study can provide a good starting framework.
- Buy-in from your state DOT and local stakeholders, including elected officials, is a must.
- Beyond acceptance of a consolidation effort, individuals who can act as local champions are critical to a successful consolidation. The Boards of Commissioners in both Crawford and Venango counties were very supportive of consolidation; the backing of a Venango County commissioner was particularly important, since VCT was merging into CATA.
- Involve human resources personnel at the beginning of the consolidation. Onboarding a number of new employees at the same time to meet a firm deadline for going live with consolidated operations is likely to take longer than expected.

- Policies and procedures used by different transportation providers may not be similar; standardizing them may take more time than anticipated. Developing new policies and procedures that fit the expanded operation may be more efficient.
- Communicate often and openly with board members, staff, and the public. Information and transparency will encourage trust in the consolidation process. This advice is echoed by PennDOT.
- Assure customers that their service will be the same after the consolidation. In addition to reassuring them that they will not lose access to the same level of service, it is important to manage expectations of increased or new inter-regional service if that is not going to happen in the short term.

PennDOT also recommends that consolidating agencies consider incorporating an exit strategy into new bylaws in case consolidation is not successful.

Vermont: South East Vermont Transit

Background

Prior to 2015, Deerfield Valley Transit Association, Inc. (DVTA) and Connecticut River Transit, Inc. (CRT) were 501(c)(3) transportation providers serving two contiguous counties in southern Vermont. DVTA, with approximately 28 employees, operated a fare-free service known as The MOOVer in six towns, providing seasonal fixed-route service to ski resorts; van and volunteer service for older adults or people with disabilities; and Medicaid non-emergency medical transportation (NEMT). CRT's service, known as The Current, included in-town fixed routes in Brattleboro, Bellows Falls, and Springfield and commuter routes connecting those communities and others in its 30-town service area. The Current service also included ADA paratransit, NEMT, ADA paratransit service, and general public Dial-A-Ride service. CRT's staff included over 35 employees. Each organization was governed by a board of directors—five directors for DVTA and nine directors for CRT.

For some years, CRT had been challenged by unusually high turnover in its general manager and finance director positions, which affected the organization's ability to comply with federal and state requirements and provide the highest quality of public transportation service. For several months in 2013, the system was without a general manager. In summer 2013, at the request of the Vermont Agency of Transportation (VTrans), the general manager of DVTA



Southeast Vermont Transit

Facility Locations:	Wilmington and Rockingham, VT
Service area:	Windham County and southern Windsor County
Recent service area population:	2016 estimated population 43,145 Windham County and 55,496 Windsor (not all of county is served)
Service area characteristics:	Rural
Mode(s) of service provided:	Fixed-route, deviated fixed-route, ADA paratransit, demand-response, volunteer rides for medical appointments, Medicaid non-emergency medical transportation (NEMT)
Number of vehicles:	62
Annual one-way passenger trips:	321,042 bus and van, 115,874 volunteer and other, total 436,916 FY17
Total annual operating budget:	\$6,498,049 FY17
Date of consolidation:	July 1, 2015
Consolidation partners:	Deerfield Valley Transit Association, Inc. (The MOOVer) and Connecticut River Transit, Inc. (The Current)
Primary contact:	Chief Executive Officer, SEVT; 802-464-8487; www.sevtransit.com

conducted a comprehensive, four-week management review of CRT that included two weeks on-site at CRT, interviews with all staff, weekly reports to VTrans and the CRT board, and draft and final reports. As a result of the review, DVTA and CRT entered into an agreement under which DVTA assumed management of CRT for one year, from September 2013 through September 2014. The DVTA general manager, reporting to the two separate boards, provided management oversight and guidance. A new general manager was hired to direct the daily operations of CRT (as an employee of DVTA until June 2014).

While the two general managers were able to begin tackling operational issues under the management agreement, the structure of the agreement was not ideal. The DVTA general manager reported to both boards, yet had no official authority over CRT staff. As a result, discussions about merging the two organizations, involving the DVTA and CRT general managers, both boards of directors, and VTrans, began in the summer of 2014.

Consolidation Process

As two 501(c)(3) organizations, DVTA and CRT were governed by different regulations as they considered consolidating than public transportation providers would be. The selected method was to transfer assets and liabilities from CRT to DVTA, dissolve CRT, and change the name of DVTA. Both original organizations could have been dissolved and a new organization created, but DVTA and CRT chose not to follow that path.

Timeline

A merger plan that outlined the approach to be taken as consolidation proceeded was developed at the outset of the effort. The plan included a list of areas to be addressed, focusing on the mechanics of the process, and was revised along the way.

After months of discussion between all involved parties, a new joint board of directors was created in January 2015. The new board comprised four members each from DVTA and CRT. Each board selected those among its members who would stay on as a director of the consolidated organization. Board members who had participated in the transition voluntarily removed themselves from the SEVT board, so that the new group could start fresh without the burden of historical relationships and expectations. As of January 2015, the joint board was recognized as the decision making body, but the CRT board remained in place so it could dissolve itself when all transition tasks had been completed.

Between February and December 2015, the new SEVT board revised the DVTA bylaws for its use, incorporating elements of the CRT bylaws. During this period the new board members not only developed a new management and operating structure that was acceptable to all those involved, but also had a chance to develop a working relationship.

In June 2015, CRT transferred all its assets and liabilities to DVTA. Assets included over 30 vehicles of different types and sizes, an office, maintenance garage and storage facility in Rockingham, , bus shelters, and equipment of various types.

On July 1, 2015, CRT was dissolved, and DVTA changed its name to SEVT.

Staffing

At the end of the transition process, the result was a newly titled organization, SEVT, with two operating divisions: The MOOOver and The Current. The divisions maintained the same number of driver, mechanic, and scheduler positions. Some other Current positions were consolidated, for reasons of resources, need, and attrition, resulting in the elimination of marketing, night dispatcher, training supervisor, and executive assistant positions. One finance position was added. Wage and benefits packages for DVTA and CRT employees had been very different prior to the consolidation—DVTA offered higher wages to compete with higher paying seasonal jobs in winter recreational areas, but limited benefits—and those differences remained following the merger. A new health insurance benefit was created for a number of employees, but that was in part due to the larger size of the new organization and Affordable Care Act (ACA) requirements.

Operations

Vehicles are stored, dispatched, and maintained in separate facilities in Wilmington and Rockingham for operational efficiency. Responsibility for scheduling and dispatching all demand-response trips was transferred to The Current division, which operates a reservations and dispatch center in Rockingham. The Current also rents a small office and storage space for about eight vehicles in Brattleboro.

Public Information and Marketing

Information about the consolidated service, including DVTA's new name and role was shared with the public, through newspaper articles, website changes, presentations to the CRT board, and meetings with partner organizations and towns. However, the local identities and branding of each service were deliberately retained to foster local support, recognition, and ownership of the system and to reassure the public that their services would not be changing.

The DVTA name was removed from The MOOOver's vehicles, and branding on The Current vehicles was simplified. Each division's logo includes "A Division of Southeast Vermont Transit" below the division name, in much smaller font.



Ongoing and Future Activities

Consolidation of finance activities began about a year after the official consolidation, and continues today. One set of books for both divisions and one chart of accounts was created, but both divisions can be broken down separately. Upgrades to technology systems and making systems consistent throughout the consolidated organization continues. As part of the merger, all routes of The Current division were reviewed and evaluated; changes are planned for fall 2017.

Challenges

DVTA and CRT faced a number of challenges as they worked to merge their organizations. Differences between the two organizations—in culture, management style, types and level of service, and the

composition and outlook of the two boards of directors—posed a significant challenge. DVTA was a smaller organization that served six towns and provided more, primarily on fixed routes, some of which operated during the winter season only. CRT had a larger staff and vehicle fleet, served 30 towns, and provided a substantial number of volunteer trips in addition to fixed-route trips. The CRT board was composed of representatives of the communities that contributed funding, and so had a very local focus.

The two boards had opposing viewpoints at first, a situation that was naturally exacerbated by some CRT board members' concerns about their perceived loss of control over the services provided in their communities. Many meetings and conversations were necessary to develop a level of trust. However, the most crucial factor in opening meaningful negotiations was the position of VTrans that federal and state funding to CRT would be in jeopardy if the merger did not move forward.



A related challenge was the need to develop a structure for the consolidated system that recognized DVTA and CRT as equal partners, an issue that was addressed during the development of new bylaws for SEVT.

Attitudes of some CRT staff also posed a challenge. Open and continuing communication helped to allay some concerns, but the hiring of the current general manager for The Current, an individual who lived nearby, had experience with managing transit service in Brattleboro, and was known to The Current staff, was critical to establishing credibility for the new management and acceptance of the consolidation. However, some senior staff members continued to be opposed to the new organization and left CRT.

State DOT Role

The Vermont state legislature is very interested in consolidation of public transportation systems in the state (many of which are operated by nonprofit organizations), primarily as a means of realizing cost savings. To help facilitate consolidation, VTrans provides support in a number of ways, including:

- Facilitating meetings to discuss opportunities for coordination and collaboration between contiguous transportation providers
- Providing technical assistance
- Managing consolidation efforts at the request of the agencies involved (in the Burlington area, for example)
- Supporting consolidated systems with funding assistance during planning and start-up phases

Other consolidation efforts in Vermont include:

Green Mountain Transit: **Chittenden County Transportation Authority (CCTA)**, the public transit agency for the Burlington area, and **Green Mountain Transit Agency (GMTA)**, a transit provider serving northwestern and central Vermont communities, merged in 2011. In 2016, the consolidated agency became Green Mountain Transit.

Addison County Transit (ACTR) and **Stagecoach Transportation Services, Inc. (Stagecoach)** entered into a three-year management agreement in 2014, with ACTR taking on a behind-the-scenes management role for Stagecoach services. The two organizations officially merged in July 2017 and formed Tri-Valley Transit, which serves Addison, Orange, and northern Windsor counties.

Similar to the merger that resulted in SEVT, branding of the local transit services provided by partners in these consolidations was maintained, and no jobs were eliminated.

In the SEVT consolidation, managers credit VTrans with providing the consistent encouragement and the following supports:

- Financial assistance, including funding for:
 - The management review
 - Start-up planning and operational funding
 - Capital funding for items such as an upgraded telephone system, maintenance equipment, high-speed internet service, right-sizing vehicles for the types of service provided, smartboard technology to enable the two boards to communicate remotely, scheduling/dispatching software and onboard tablets, and onboard cameras
- Technical assistance

Results

The consolidation of DVTA and CRT has generated a number of benefits.

Chief among those are the creation of a bigger, better organization, which offers more opportunities for staff to grow and advance their careers and increases SEVT's ability to attract transit professionals to its staff.

Cultural changes are also recognized by SEVT as an important benefit. Team-building and cross-training across divisions is now an ongoing focus. Employees of the two original organizations have learned from each other.

Other major benefits are improved management and operational efficiency and the opportunity to review The Current's bus routes and make adjustments to better serve the communities in which it operates. Both of these changes are leading to increased local support for The Current division.

Compliance with federal and state requirements has also improved. To balance the improvements, however, is the fact that compliance visits and some reporting continues to be separate for the two divisions, although there is only one grant application to VTrans for funding. In addition, insurance requirements and some other compliance requirements have increased because SEVT is a larger organization than either DVTA or CRT were previously.

Employees have benefited from the consolidation. Individuals who wished to remain employed by SEVT were given the chance to do so. Benefits for some MOOver Division staff improved, although the Affordable Care Act was the main impetus for improvements in health care insurance. Upgrades in technology systems have made it easier for staff to do their jobs. The merger helped with the cost of upgrades; more significant was the change in management style that helped advance the adoption of better systems.

While no significant cost savings were achieved due to service improvements and capital investments, less time and money is now spent on procuring items such as a phone system, insurance, and some operating supplies. Combined procurements from micro-purchases to major projects have also increased SEVT's buying power.

Lessons Learned and Recommended Practices

SEVT and VTrans managers offered the following lessons learned and advice to transit providers that may be considering or in the process of consolidation:

- **Clear direction from your state DOT is critical.** VTrans first suggested the merger of DVTA and CRT and provided support for every need that arose during the consolidation process.
- **Consolidation takes time.** The management agreement between DVTA and CRT was for one year. A three-year agreement would have been better, because the first year was mostly spent in alleviating concerns about consolidation. The transition period to the consolidated organization was approximately nine months. Twenty-four months would have been more realistic.
- **Transparency and communication are also extremely important.** SEVT overcame mistrust and misgivings about consolidation through meetings with employees and boards, a monthly newsletter, offering opportunities for input and listening to what board members and staff expressed, and investment in tools to help staff do their jobs better. As a result of these efforts, few staff left and remaining staff became advocates for the new system.
- **A general manager or executive director with local knowledge and experience** can do much to develop trust and credibility and make consolidation go more smoothly.
- **A strong, committed driver team is another great resource.** Drivers and other frontline members of the organization will be the ones to keep service going as it was before consolidation.
- **Finance may be the hardest area to merge.** Consolidating accounting software, checkbooks, charts of accounts, and divisional reporting are still underway at SEVT.

A checklist of consolidation tasks developed by SEVT management and shared with other Vermont systems as they began to consolidate can be found in Appendix B.

Summary of Case Study Findings

The circumstances of each of the four consolidation efforts were different, but there were a number of common elements. Many of these conclusions confirm topics discussed in the literature that describes other examples of consolidation.

- A study that looks at the potential for consolidating public transportation services among multiple providers is extremely useful as a starting point and roadmap to the consolidation process.
- Buy-in from local stakeholders, including elected officials, is a necessary ingredient of a successful consolidation.
- The active encouragement and backing of a local champion is a critical component, especially since consolidation is a complex process and may result in the dissolution of a local public transportation provider.
- State DOT support is critical; in all four case study states, assistance included funding for a consolidation study, ongoing technical assistance, start-up funding for the consolidated organization, and capital funding for necessary items.
- Common goals across case studies include maintaining or increasing current levels of service and protecting jobs of operations staff, goals that all four systems achieved.
- Common approaches across case studies include:

- Maintaining local service branding, but modifying logos and taglines to connect to the consolidated agency
- Continuing to operate services from local hubs rather than bringing all into a central operating facility
- The consolidation process takes time, likely more than anticipated.
- Consolidation works best when the decision to consider it and move forward are local, even when the state DOT plays an active role in encouraging and supporting consolidation.
- Communication and transparency are absolutely necessary to inform consolidation partners and their employees, elected officials, and the public about the process and its impacts, and to allay concerns.
- Consolidating rural public transportation services can result in improvements to services, including expansion into previously unserved areas, route and schedule modifications, and connections between services for intercity or intercounty travel.
- Merging the different cultures of consolidation partners may take more time and effort than expected, but can generate benefits for the consolidated organization.
- Larger organizations are likely to attract more experienced transit professionals to their staffs, and may be able to dedicate staff to key areas, such as human resources or compliance.
- Larger organizations may have to comply with new federal and state requirements that are based on number of employees—provision of health insurance, for example.
- Improved compliance with federal and state requirements is a benefit that consolidation generates for both transportation providers and state DOT staffs.
- Reduction in the number of subrecipients they oversee due to consolidation is a benefit for state DOTs.
- Cost savings may be lower than anticipated and may not be achieved in the short term if one agency has been operating with insufficient staff or capital resources.
- Although consolidation generally results in elimination of some duplicative administrative staff positions, others may need to be added to address areas such as human resources, finance, or marketing adequately.
- Supportive frontline operating staff are very important to the public success of a consolidation. They are the riders' daily connection to the service and can provide reassurance that service levels will be maintained.
- Adopting common technology systems (telephones and other communications systems, paratransit scheduling software and onboard devices) provides an opportunity for upgrading systems for all agencies involved in a consolidation. Implementing improvements to technology tools will require some capital investment, however.

Advice from the Field

Lessons learned and advice for providers that are considering or involved in consolidation and the state DOTs that support them, from the case study transportation providers and their state DOTs, are provided below.

New Mexico

NCRTD

Through the consolidation process, the NCRTD identified several lessons that assisted in a relatively smooth transition. The first was the consolidation process works optimally when the potential partners come forward and share honestly their goals for the merger or partnership in the beginning of the effort. This transparency allows the associated elected bodies to make better decisions, and to better inform their constituents. In addition, potential partners need to be aware of the politics surrounding a consolidation, and address those early on before the policymakers need to make a decision. Additionally, the consolidation process is notably easier when the various agencies' leadership is on the same page. Any associated elected body also must be able to communicate clearly to its constituents why this consolidation is a good idea, and this message must focus on a regional perspective and not a local one. Finally, constituents ought to be included appropriately in the planning, consolidation, and merger process, as eventually these constituents will be the same people represented by the district and the district partners.

There were several additional essential ingredients that NCRTD noted. The first is that the process will likely take longer than what might be expected. Though the Chile Line's consolidation officially only took a few months, the entire process involved months of conversations prior to the official consolidation exploration period. The second is that the transfer of employees is an important issue, and needs to be handled carefully and respectfully. First of all, the employees affected by the consolidation must not suffer a loss in this process. This accommodation, however, must be balanced with the expectations of the managing agency. The agency must clearly communicate the operating principles to the new employees, as work cultures can be quite different in two different places.

According to NCRTD, however, the key to a successful consolidation is ensuring there are no regrets on the part of the agency, the local partners, or the service's customers. NCRTD believes the best method to avoiding any misgivings on the consolidation is by providing better public transportation service than has previously been offered.

NMDOT

From the state's perspective the key lesson of the consolidation process is that there needs to be a local champion to push for the consolidation and motivate other members or representatives. Additionally, NMDOT believes that the consolidation process must be led locally, and not from the top down or mandated by the state. For NMDOT, this is done by giving the RTD the necessary tools to grow the service, and technical support where it is needed. Despite the state's assistance, the consolidation needs to be supported locally and publicly by partner agencies, with a local representative to push the effort.

North Carolina

Both WPRTA and NCDOT PTD agree that the single most important step to consolidation is a clear understanding of current and projected budget needs and anticipated revenue. Developing a stand-alone budget that covers all needs as well as assists in setting up the rate model establishes the baseline for future planning.

Willing partners that make firm and ongoing financial commitments is also an important need for consolidation. Agreements on who manages finance, personnel, hiring, and procurement are all essential decisions for a new organization. Partners with a commitment from the outset along with strong leadership in both technical and financial capacity were a winning combination for WPRTA. PTD gives partnership and leadership much of the credit for the success of this consolidation. Developing a stand-alone budget that covers all needs as well as assists in setting up the rate model was also noted by PTD.

The initial facilitation effort and financial commitment by the Greater Hickory MPO was noted by both agencies as a strong boost to the consolidation as well as the ongoing regional support. The MPO Executive Director did considerable behind the scenes communication to encourage all partners and their county decision makers to consolidate. The MPO continues to engage WPRTA in the policy and technical committees for decision making.

A definition of what success means may be important at the state level. Considering the perspective of the legislature and the diversity of the individual transit systems, this is likely not a one-size-fits-all definition. Additional interface with the MPOs across the state and participation in multimodal planning at the county-level are new strategies that PTD is using to further support rural transit system success. A strategic planning network of transit systems is under development. This system will help communicate individual transit system characteristics as well as the combined service needs for both planning and legislative support.

Pennsylvania

CATA and former VCT staff offered the following advice to other transit providers that may be involved in a consolidation effort:

- It is important to develop a transition plan; think through all issues in advance of making actual changes, and adapt the plan as necessary. A consolidation study can provide a good starting framework.
- Buy-in from your state DOT and local stakeholders, including elected officials, is a must.
- Beyond acceptance of a consolidation effort, individuals who can act as local champions are critical to a successful consolidation. The Boards of Commissioners in both Crawford and Venango counties were very supportive of consolidation; the backing of a Venango County commissioner was particularly important, since VCT was merging into CATA.
- Involve human resources personnel at the beginning of the consolidation. Onboarding a number of new employees at the same time to meet a firm deadline for going live with consolidated operations is likely to take longer than expected.
- Policies and procedures used by different transportation providers may not be similar; standardizing them may take more time than anticipated. Developing new policies and procedures that fit the expanded operation may be more efficient.
- Communicate often and openly with board members, staff, and the public. Information and transparency will encourage trust in the consolidation process. This advice was echoed by PennDOT.
- Assure customers that their service will be the same after the consolidation. In addition to reassuring them that they will not lose access to the same level of service, it is important to manage expectations of increased or new inter-regional service if that is not going to happen in the short term.

PennDOT also recommends that consolidating agencies consider incorporating an exit strategy into new bylaws in case consolidation is not successful.

Vermont

SEVT and VTrans managers offered the following lessons learned and advice to transit providers that may be considering or in the process of consolidation:

- Clear direction from your state DOT is critical. VTrans first suggested the merger of DVTA and CRT and provided support for every need that arose during the consolidation process.
- Consolidation takes time. The management agreement between DVTA and CRT was for one year. A three-year agreement would have been better, because the first year was mostly spent in alleviating concerns about consolidation. The transition period to the consolidated organization was approximately nine months. Twenty-four months would have been more realistic.
- Transparency and communication are also extremely important. SEVT overcame mistrust and misgivings about consolidation through meetings with employees and boards, a monthly newsletter, offering opportunities for input and listening to what board members and staff expressed, and investment in tools to help staff do their jobs better. As a result of these efforts, few staff left and remaining staff became advocates for the new system.
- A general manager or executive director with local knowledge and experience can do much to develop trust and credibility and make consolidation go more smoothly.
- A strong, committed driver team is another great resource. Drivers and other frontline members of the organization will be the ones to keep service going as it was before consolidation.
- Finance may be the hardest area to merge. Consolidating accounting software, checkbooks, charts of accounts, and divisional reporting are still underway at SEVT.

A checklist of consolidation tasks developed by SEVT management and shared with other Vermont systems as they began to consolidate can be found in Appendix A.

Additional System Consolidations

Mississippi Delta Rides Coalition (Bolivar County Council on Aging)	
Location	Cleveland, MS
Service Area	Bolivar, Sunflower, Yazoo and Washington Counties
Service Area Population	36,424 (Bolivar County and City of Hollandale only)
Service characteristics	Rural/rural
Modes	Fixed route, demand-response, and ADA paratransit
Fleet	Small buses (49)
Annual unlinked passenger trips	132,779 (2015)
Total annual operating budget	\$1,414,267 (2015)
Date of consolidation	Unsure
Consolidation partners	Bolivar County Council on Aging and H.E.G.A. (Hollandale Elizabeth Glen Allan) Homes

Montana Valley County Transit	
Location	Glasgow, MT
Service Area	Valley County and Daniels County
Service Area Population	9,335 (2015 Census)
Service characteristics	Rural/rural
Modes	Demand-response
Fleet	Valley Transit: Minivans (2), Small buses, Large school bus (1); Daniels County: Minivan (1), Small bus (1);
Annual unlinked passenger trips	61,538 (2015)
Total annual operating budget	\$1,414,267 (2015)
Date of consolidation	Around 2012
Consolidation partners	Valley County Transit and Daniels County Transportation Service

Nebraska

RYDE Transit (Community Action Partnership of Mid-Nebraska)

Location	Kearney, NE
Service Area	Buffalo, Adams, Dawson, Hamilton, Franklin, Kearney and Gosper Counties + City of Ravenna in Buffalo County
Service Area Population	102,329 (2015)
Service characteristics	Rural/rural
Modes	Demand-response
Fleet	Small buses (28), Minivans (10), 12-passenger vans (3), Lower floor minivans (4)
Annual unlinked passenger trips	116,692 (2016)
Total annual operating budget	\$1,704,089 (2016)
Date of consolidation	Before 2013
Consolidation partners	Dawson County Public Transit, Franklin County Public Transit

Virginia

Virginia Regional Transit (Central Shenandoah Planning District Commission)

Location	Staunton-Waynesboro, VA
Service Area	Cities of Staunton and Waynesboro
Service Area Population	48,119
Service characteristics	Small urban / rural
Modes	Fixed route, demand-response
Fleet	Small buses (28), Minivans, Body-on-chassis (12), Rubber-tire trolley (1)
Annual unlinked passenger trips	215,120 (2015)
Total annual operating budget	\$1,124,437 (2015)
Date of consolidation	2014
Consolidation partners	Virginia Regional Transit, Central Shenandoah Planning District Commission

Wisconsin	
Bay Area Rural Transit	
Location	Ashland, WI
Service Area	Ashland County and Bayfield County
Service Area Population	31,043 (2015)
Service characteristics	Rural / rural
Modes	Fixed route, demand-response
Fleet	Small buses (3+) – at least 3, including 1 hybrid bus and 1 trolley bus
Annual unlinked passenger trips	139,601 (2015)
Total annual operating budget	\$1,388,591 (2015)
Date of consolidation	1981
Consolidation partners	Ashland County and Bayfield County Transportation

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APPENDIX A

Consolidation of Rural Public Transportation Services: Guidebook

<http://apps.trb.org/cmsfeed/TRBNetProjectDisplay.asp?ProjectID=4158>

Link to Guidebook can be found at the bottom of the page.

APPENDIX B

Southeast Vermont Transit Consolidation Task Checklist

Early conversations with your bank, attorney, and financial counsel are important.

Company

- Need a company name, logo, and website (simple one) that is an umbrella-type corporation with divisions
- Determine the company's location/headquarters
- Need new letterhead, envelopes and business card design for limited use and for Executive Director/CEO
- Are local operating locations “divisions”, do they need a dba, name, or nickname? Do they retain their current logos?

Board of Directors & Bylaws

- The Board must be unified in their approach—territories, regional control issues, etc. must be set aside for the common good.
- The new company needs articles of incorporation and bylaws. Consider amending one organization's bylaws with input from the new Board and from the other organization's bylaws. This helps with retaining 501c3 status and in Secretary of State filings.
- Determine the new Board's makeup, how many members from each previous board/region.
- Develop a mission statement and a strategic plan.
- Define term limits for officers.
- Define the CEO and GM's job descriptions and limits to spend funds and execute contracts.
- Define Board meetings—regular, special, emergency, and annual—and how they can be called and how they should be warned.
- Define how the new company would dissolve.
- Define how bylaw amendments are made.
- Establish committees—who can be on them (public?), what are their powers, is a Board member required or ex officio?
- Conflict of interest, code of ethics, qualifications, training of Board—suggest reference only in the bylaws to other documents that are specific to these subjects.
- What happens in the case of a Board vote tie—is there a tie breaker or is it tabled?
- Board succession—if someone leaves, how is that slot filled—by territory or some other qualifications? If the latter, what are the qualifications?
- Should Board officers—President, Vice President, Treasurer, and Secretary—be rotated annually or every two years by region or doesn't it matter?
- What defines a quorum for a Board meeting?
- Are there term limits for Board members?

- Bylaws should allow proxy voting, meeting via video conference, teleconference, or any other live electronic media.
- Do you want advisory committees?
- Should Board officers be rotated every two years by region or doesn't it matter?
- Board software a must for communicating between distant locations. Directorpoint and video conferencing make all the difference.

Legal

- Consult the DRM specialist and determine your merger path.
- Secretary of State filings done ahead of time are key:
- Company trade name, address, designated contact person
- Any dba's if desired for divisions
- Check for filing of annual report (Sec of State's version)
- Filing of amended bylaws and articles of association
- Filing of Board membership and contact info
- Filing of registered agent
- Check names on titles on any owned property, deeds, titles, mortgages, loans, assets, etc.— these will need to be changed.
- Existing two companies probably have a hangover policy for liability after the merger/dissolution.

Financial

- Run your financial plan past your auditor, or better yet, an independent expert who is not doing your audits.
- Decide if you will centralize finance—will one location handle some functions and the other location others, or will one location do them all? So much will flow from this later on.
- Consider one common financial software platform, and see if it can be done in the cloud. This is huge for short and long term efficiency.
- Develop one chart of accounts, one checkbook, one set of books with two divisions that can produce an overall budget and financials but also can provide financials by division. Divisional financials enable the Board/CEO to work with the divisional GM/Finance Manager to set goals and hold them accountable for financial performance.
- Consolidate your banking, do one payroll, one capital account, and maybe have separate, local banks for fare deposits that dump nightly/weekly into the shared account. Tell your bank what you are doing and find out what they need from you—signature cards, new approval for lines of credit or notes payable, Board updated information, etc. This takes them 2+ months to accomplish.
- Consider consolidating your line of credit and at the same time increase the limit.
- Change the company name with the IRS and avoid EIN complications if one company survives and uses an existing 501c3. This takes 3-4 months. Tell them who is dissolving and who is staying, name changes, etc. Confirm the all-important EIN status with them.
- Think about doing your own payroll. It is simple and saves money. If you do so, set up one Electronic Federal Tax Payment System (EFTPS) account with the IRS.
- Contact Dun & Bradstreet, FTA, System for Award Management (SAM), Federal Motor Carrier Safety Administration (FMCSA), and state agencies such as DOT, Department of Motor Vehicles, Department of Labor, Department of Taxes, etc. Punctuation of your name is critical. EIN changes trigger all sorts of changes. Plan on all new registrations and titles for all divisions if you have a new company name.
- Combine your State Unemployment Tax Act (SUTA) taxes.

- Contact all of the vendors with what you are doing. Ask them if they consider you a new company and thus require a new credit application, billing status, billing address, etc. They like lots of notice, and some of them may be national franchises that have corporate regulations about accepting orders from new companies. Tell them where to send invoices or payments.
- Send a change of address notice to any post office that needs it—if you centralize Accounts Payable or Accounts Receivable.
- Notify your partners with a personal letter and let them know what's going and ask them if they need anything. Tell them where to send their payments and how to label/ID them for which division.
- Contact your commercial insurance company and have them re-bid everything. This is one of the few good opportunities for savings. Give them an updated list of additionally insureds, Board information, etc.
- Contact the credit card companies, and utility companies in particular. See what they need for a new company.

Technology

- Try to put every possible file and application in the cloud. There may be initial expense, but use of the cloud can reduce or eliminate server failures or interruptions, slow response times, and expensive support contracts.
- Price out high speed data lines to support inter-division communication. Consider 30 mg in/30 mg out for data.
- Your tech company might recommend a VPN (virtual private network) featuring a firewall at each location that protects data and internet access from the outside world.
- Install Voice Over Internet Protocol (VOIP) if you do not already have it. No long-distance toll calling between locations.
- Prioritize one location for any non-cloud-based applications and files, and consider a contract with a computer company to monitor the server there and protect you for the short term. Being in the cloud for as much as you can is best.
- Ask the state DOT for capital assistance to buy identical new phone systems if you haven't bought one recently. One service vendor for both locations is awesome.
- SMARTboards have been the very best investment we made. Board meetings are a little awkward at first (people talking over each other), but otherwise this has been critical not only for the Board but for staff meetings, training, etc. You will travel between locations so much less with these.
- GoToMyPC will enable you and key staff to work off your computers no matter where you are.
- Consider updating all of your computers with the same operating software, Office 365, Carbonite back-up, warranties, and anti-virus. If you get an inventory together soon you could get purchase what you might need with an upcoming capital request from the state DOT.

Staffing/HR

- How much do you centralize functions? Procurement, legal, marketing, corporate, planning, and capital planning are things I do as CEO. But do you duplicate finance, HR, dispatching, etc. or do you plan/work towards consolidating them? Dispatching, for instance, may require the same radios in both companies and a new repeater somewhere.
- This is not about saving money. We saved money on commercial insurance, some vendors, procurements, and fuel. We spent more money on health insurance, high-speed data lines, and some capital.
- We did not cut total positions although we centralized finance.

- Under the ACA we went from a small company to a large one and had to offer health insurance and benefits to 15 more staff at a huge cost. Check that out and budget accordingly. Check when you have to enroll them, and any options you may have.
- Also determine with your Board if all divisions will enjoy the same benefit package. If so, get prices from the providers and budget accordingly. We did this but we have different wage scales because of the seasonality of the work in Wilmington.

Communications

- Keep the staff informed first, and then the public. We thought it was key to do one newsletter instead of two, have meetings initially but then more written communications.
- We tried to have the press releases, web site, Facebook, etc. done the day after we let the staff know so that any merger news was immediate and not spread out.
- We portrayed the merger as making both companies stronger, even though one company technically dissolved. We downplayed the parent company and focused the news message that the riders and staff will see little or no changes. The parent company website is extremely basic and is designed to link to the visitor's choice of division websites.

Marketing

- Consider eliminating the old company names, highlighting the service branding nicknames, and downplaying the overall new company name in order to minimize the changes to the public. Consider including "A Division of New Company Name" as part of the service branding logos.

APPENDIX C

Other Consolidated Rural Public Transportation Systems

State	Consolidation Partners	New System Name	Date of Consolidation	Location	Service Area(s)	Partners	Functions Consolidated	Administrative/ Governance Structure
MI	Berrien County Public Transportation Buchanan Dial-A-Ride Niles Dial-A-Ride Twin Cities Area Transportation Authority	TBD	Transit integration study underway	Berrien County	Rural + rural Total population 154,000	Four public transportation providers	TBD	TBD
MN	Faribault County Prairie Express Martin County Express	Prairie Lakes Transit	January 2016	Faribault and Martin counties, MN	Rural + rural Total population 35,393	Two rural county transit providers	All functions consolidated in a new transit agency. Service provided by contractor.	Joint Powers Agreement and Joint Transit Board
MN	Western Community Action Murray County Heartland Express Pipestone County Transit	Community Transit Services	August 2016	Cottonwood, Jackson, Lincoln, Lyon, Murray, Pipestone, Redwood and Rock counties, MN	Rural + rural Total population 95,254	Nonprofit transit provider serving 6 rural counties and two rural county transit providers	Consolidation of administrative functions (Pipestone), then full consolidation (Pipestone and Murray) into Western Community Action (became United Community Partnership Oct. 2016)	Not known by project team at this time
MS	Bolivar County Council on Aging and Hollindale Elizabeth Glen Allan (HAGA)	Delta Rides Regional Group	2015 or 16	City of Hollindale, Bolivar County, MS	rural + rural Total Pop: 36,424 Bolivar County: 33,803 City of Hollindale: 2,621	Private non profit transit agencies within counties	Everything - full consolidation	Memorandum of Understanding
MT	Valley County Transit, Daniels County Transportation Service	Valley County Transit	2012? Unsure	Valley County and Daniels County, MT	Rural + rural Total Pop: 9,335 Valley County: 7,577 Daniels County: 1,758	5311's - Public transit agencies	All functions taken over by Valley County staff	Memorandum of Understanding

State	Consolidation Partners	New System Name	Date of Consolidation	Location	Service Area(s)	Partners	Functions Consolidated	Administrative/ Governance Structure
NC	Alexander County Transportation Burke County Transit Administration, Inc. Caldwell County Area Transit System, Inc. Catawba County Piedmont Wagon Transit System	Western Piedmont Regional Transit Authority - Greenway Public Transportation	July 2008	Alexander, Burke, and Caldwell counties; cities of Hickory, Newton, and Conover, NC	Rural + rural Total population 271,951 City of Hickory 40,361	Two public and two nonprofit transit providers serving rural communities	All functions consolidated in a new transit agency	Creation of new regional transit authority
NC	Hyde County Non-Profit Private Transportation Corp. Tyrrell County Senior and Disabled Transportation System	Hyde County Transit	July 2017	Hyde and Tyrrell counties	Rural + rural Total population 10,217	Non-profit transit provider (designated 5311 provider) and county service for older adults and people with disabilities	Hyde County Transit took over operation of services for Tyrrell County	Resolutions from each organization's Transportation Advisory Board; Tyrrell Co reps added to Hyde County Transit TAB
NC	Albemarle Regional Health Services dba Inter-County Public Transportation Authority Currituck County	Inter-County Public Transportation Authority	1986	Pasquotank, Camden, Chowan, Currituck, and Perquimans counties	Rural + rural Total population 102,343	Nonprofit transit provider (designated 5311 provider) and five counties	ICPTA added operation of services to Currituck County to original 4-county service area	Representation of all counties on ICPTA Transportation Advisory Board
NE	Dawson County Public Transit, Franklin County Public Transit	RYDE (Reach Your Destination Easily), a subset of Community Action Partnership of Mid Nebraska	Prior to 2013	Buffalo, Adams, Dawson, Hamilton, Franklin, Kearney and Gosper Counties, NE	Rural + rural Total Pop: 102,329 Buffalo County: 48,863 Adams County: 31,587 Hamilton County: 9,190 Franklin County: 2,985 Kearney County: 6,585 Gosper County: 1,973 City of Ravenna: 1,466	Two rural county transit agencies	All transportation services, assets and demand response service, all administrative functions and staffing except for scheduling and dispatch	Community Action Agency (social service) governing board, unofficial MOU (annual resolution promising local match)

NM	NCRTD Taos Transit, Rio Arriba Transit, Sante Fe and Los Alamos transit systems RTD member communities	North Central Regional Transit District	2004-2007	Los Alamos, Taos, Rio Arriba and Santa Fe Counties Multiple pueblos Cities of Santa Fe and Espanola Towns of Taos and Edgewood	Rural + tribal + small urban + Total population 235,303	Regional Transit District and multiple city/county transit systems	Transit service for Taos and Rio Arriba Co taken over by NCRTD in 2015 and 2008-2009 (county service was housed in human services department); services for tribal areas also consolidated Santa Fe and Los Alamos still operate their own services, but are members of NCRTD	Communities and tribes are members of regional transit district
NM	Rio Metro Regional Transit District NM Rail Runner Express ABQ Ride RTD member communities	Rio Metro Regional Transit District		Bernalillo, Sandoval, and Valencia counties; multiple cities, towns, and villages	Large urban + small urban + rural Total population 870,694	Regional Transit District and multiple city/county transit systems	Transit service for Sandoval County and Village of Los Lunas taken over by RMRTD (Sandoval service contracted out). Several small transit systems in Valencia and Sandoval counties consolidated. Rail Runner commuter rail predated formation of RTD and was absorbed into RTD ABQ Ride still operates service in Albuquerque	Communities are members of regional transit district
NM	SCRTD Roadrunner Transit Las Cruces Z-Trans Alamogordo to Las Cruces Rio Grande Transit NMDOT Park & Ride RTD member communities	South Central Regional Transit District	2006-2015	Dona Ana, Sierra and Otero counties; 8 municipalities, including Las Cruces	Small urban + rural Total population 285,018	Regional Transit District and multiple city/county transit systems	Responsible for consolidating services in 21 communities; RTD operates new routes that connect with existing services	Communities are members of regional transit district

OR	Central Oregon Intergovernmental Council Crook, Deschutes, and Jefferson counties Cities of Bend, Redmond, Prineville, Sisters, Madras, and La Pine Confederated Tribes of Warm Springs	Cascades East Transit	Around 2008	City of Bend Crook, Deschutes, and Jefferson counties	Small urban + rural Total population 200,431	MPO Regional transit provider 3 county, 6 city transit systems, 1 tribe	Cascades East Transit took over operation of services in the three counties; previously operated by county/city systems and nonprofits	Jurisdictions purchase service from CET and have seats on the COIC Board, which is the CET governing body
OR	Sunset Empire Transportation District	Northwest Connector	Study underway					
PA	Public transit agency plus additional county members	Central Pennsylvania Transportation Authority (rabbittransit)	2011 2012 2015 2016 scheduled	Adams, Columbia, Cumberland, Northumberland counties Franklin and Perry counties	Urban/rural county + rural counties Total population 659,434	Public transit agencies plus additional county members	Rabbittransit consolidated reservations and scheduling for demand-response services in 10 counties; services in some regions still operated by local entities; others by Rabbittransit York County (Rabbittransit) took over fixed route operations for Adams County 6-7 years ago	New members added to regional transportation authority
PA	Crawford Area Transit Authority Venango County Transportation	Crawford Area Transportation Authority	2016-2017	Crawford and Venango Counties	Rural + rural Total population 143,749	Regional transit provider and county transit system	CATA took over operation of service for Venango County	Venango County joined CATA
VA	Virginia Regional Transit, Central Shenandoah Planning Organization	Central Shenandoah Planning District Commission	2014	Staunton-Waynesboro, VA	Small urban + rural Total Pop: 45,343 City of Staunton: 24,193 City of Waynesboro: 21,150	5311 + 5307	Funding only, NOT operations. One is the grantee (CSPO) and one is the operator (VRT)	Change of grantee (merging of grantee under VRT)
VT	Connecticut River Valley Transit Deerfield Valley Transit Association	Southeast Vermont Transit	2015	Windham and southern Windsor counties	Rural + rural Total population 101,183	Two nonprofit organizations	DVTA assumed all CRT functions	CRT transferred all assets and liabilities to DVTA and dissolved; DVTA changed its name

WI	City of Stevens Point Portage County	Stevens Point-Portage County Consolidated Transportation Service (Stevens Point Transit)	2018	Portage County, WI	Rural + small urban Total Population 70,019 City of Stevens Point 26,423	City of Stevens Point + Portage County	Operations and administrative - not fully consolidated. Maintenance and administrative (city). Operations split	Memorandum of Understanding jointly establishing a partnership (cooperative agreement)
WI	Ashland County and Bayfield County Transportation	Bay Area Rural Transit Commission (Bay Area Rural Transit)	1981	Ashland and Bayfield Counties, WI	Rural + rural Total Population: 31,043 Ashland County: 15,993 Bayfield County: 15,050	County transit providers	Full consolidation - all administrative, maintenance and operational activities	New Transit Commission + board
WI	Clark County Dept. of Social Services City of Neillsville	Clark County Transit (Clark County-City of Neillsville Transit)	2013	Clark County, WI	Rural + rural Total Pop: 36,875 Clark County: 34,445 City of Neillsville: 2,430	City and County	Administration consolidated, operations separate (more like cooperation)	County is main applicant for funding and service