



Appendix X
DCST Review of Transit Governance Structure



SURFACE TRANSIT GOVERNANCE

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INTRODUCTION

As the District of Columbia begins developing a streetcar system, one question that needs to be answered is “who will run the system and how will they run it?” Looking to other cities, there are models of what has worked well (and what has not) that can serve as guides for how the DC streetcar system might best be governed. Governance by a strong board empowered to make key decisions to ensure that the system functions smoothly and safely appears to be the best practice. It is also important that the board have the flexibility to explore innovative funding mechanisms so that adequate funding is available for capital and operating costs.

There may even be benefits for the streetcar and the DC Circulator to be governed by the same authority. The District Department of Transportation (DDOT) operates the Circulator in a partnership that includes DC Surface Transit, Inc. Like streetcars, the Circulator was designed to move people around the city. Both will, in all likelihood, be funded at the local level, rather than the regional level. The Circulator has a high level of support from the business and tourism communities, as evidenced by the funding provided by the business improvement districts (BIDs) and the Washington Convention Authority. The streetcar system will also be looking for business community support as it goes forward, especially in developing innovative financing mechanisms. This paper assumes that one authority will govern both the Circulator and the streetcar system.

TYPES OF TRANSIT AGENCIES

Historically, the entities that run transit agencies have taken several forms: a city transportation department, an independent nonprofit, a public-chartered nonprofit, even an interstate compact. While it is logical for the transportation department, being the one that plans and funds development of the transit service, to run the service, there are advantages to having an independent agency assume that responsibility. As department heads are appointed by the mayor or other elected official, they can change whenever there is an election. Transit departments are also often face a myriad of restrictions put in place by the local government. A nonprofit can be more nimble and more entrepreneurial across a range of issues – especially identifying funding sources. A nonprofit can apply for grants, enter into contracts with the city, and issue tax exempt bonds (through the city.) A nonprofit can also include other stakeholders on its board.

TYPES OF TRANSIT AUTHORITY BOARDS

The Transit Cooperative Research Program (TCRP), a program of the Federal Transit Administration, has produced a guidebook entitled “Public Transit Governance Guidebook.” Based on surveys of over 200 transit agencies, focus groups, expert opinions, and case studies of successful transit agencies, this guidebook lays out recommendations for effective transit boards.

Boards appointed by elected officials are the most common by far. This type of board represented 60% of the 177 transit agencies surveyed by the report authors. The second most common type is a board composed of elected officials. The boards that are appointed by elected officials attempt to strike a balance between public responsiveness (by having elected officials involved) and professional expertise (by using appointments rather than

directly elected members). Transportation department officials and others can hold ex officio positions on the board.

BOARD SIZE AND TERMS

According to the TCRP, transit board sizes range from 5 to 23 members, with medium-sized boards of 7 to 10 members being the most popular. While a smaller board may be more efficient, it may not adequately represent all the constituencies needed to enthusiastically support the service. A larger board, recognizing that they cannot act as quickly and efficiently, may be more willing to delegate responsibilities to the service management. The terms of board members are usually 3-4 years. Most transit boards do not compensate board members.

MEETINGS AND COMMITTEES

Most transit boards meet monthly. Several include pre-meeting planning sessions to make the best use of board meeting times. Many boards also use committees to handle work outside of board meetings. The most common committee types are: Executive Committee, Finance/Budget Committee, Human Resources Committee, Planning Committee, Legislative/Government Relations Committee, and Marketing Committee.¹

OTHER CITIES

PORTLAND

Portland's streetcar system is owned and operated by the City of Portland Office of Transportation in partnership with TriMet, the regional transit authority, which contributes a portion of operating funding. The streetcar system is staffed by a combination of City of Portland employees, TriMet employees and consulting staff from Portland Streetcar, Inc. (PSI)²

The TriMet board has seven members, all of which are appointed by the Oregon governor. Each board member represents a geographic area. Recently, the City of Fairview recommended legislation to change to a publicly elected board because of a perceived lack of "accountability" primarily related to crime at transit stops (MAX train stations).³

The City of Portland contracts with PSI to construct and operate the streetcar system. PSI is a non-profit public benefit corporation, chartered by the state of Oregon. The 17-member Board is made up of citizens, city agencies representatives and property owners along the streetcar alignment.

The participation of affected property owners on the board of PSI is significant. Business community support has been essential to the success of the Portland streetcar system. Portland established a local improvement district (LID) in which property owners along the alignment paid a special assessment. The LID raised \$19.4 million for construction of the initial streetcar line. The city also negotiated development agreements with the owners of vacant properties, giving them increased density in exchange for their providing infrastructure improvements.

¹ FHWA Transit Cooperative Research Program, "Public Transit Governance Guidebook," June 2002 http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_85.pdf

² From www.portlandstreetcar.org

³ Wells, Shannon, "Fairview Suggests TriMet Changes", [Portland Tribune](http://www.portlandtribune.com/news/story.php?story_id=123371540576573100), February 3, 2009. http://www.portlandtribune.com/news/story.php?story_id=123371540576573100

TAMPA

Tampa has a 2.4 mile streetcar system. It is operated by Tampa Historic Streetcar, Inc (THS), a private nonprofit corporation. THS is governed by a 9 member board of directors made up of six city appointees and three Hillsborough Area Regional Transit (HART) appointees. While the system is not extensive, THS estimates that there has been \$600 million in new private developments along the line. Tampa also uses a special assessment district to fund the streetcar operations. Construction was funded with city, state and federal funds. The Tampa streetcar line was first proposed by Tampa & Ybor City Street Railway Society, a non-profit 501(c)(3) organization.

NEW ORLEANS

The New Orleans streetcar system has three lines, including the 13-mile St. Charles Avenue line, the "oldest continuously operating street railway"⁴ which dates back to 1835. The streetcar system is run by the New Orleans Regional Transit Authority (NORTA), the transit authority that also runs the buses. NORTA has an 8-member appointed board, whose members represent different jurisdictions.

SEATTLE

The 2.6-mile South Lake Union line in Seattle opened in December 2007. It is run by the King County Metro, a division of the King County Department of Transportation. Like the Portland system, the South Lake Union line was financed in part by a "local improvement district" in which property owners paid an additional property tax, which raised half of the \$52 million construction costs. The business community was heavily involved in bringing streetcars to Seattle; Microsoft co-founder Paul Allen was an early and forceful advocate, as well as the primary property owner at the northern terminus of the initial streetcar line. Construction is scheduled to begin in 2010 on a second streetcar line.

WASHINGTON DC REGION

The DC region has several organizations that manage transit:

WMATA (Washington Metropolitan Area Transit Authority): WMATA runs the regional bus and Metrorail system. It is governed by a board of 12 members, six voting and six alternates, four from each jurisdiction: Washington, DC, Maryland and Virginia. The board members are a combination of elected officials and appointed citizens.

DCST (DC Surface Transit, Inc.): DCST is a private nonprofit corporation established to promote affordable and convenient surface transit in DC. DCST has a memorandum of understanding with the District Department of Transportation (DDOT) to provide marketing services for the Circulator bus service in Washington, DC. DCST members have votes based on the level of their financial contribution to the corporation. Membership includes several business improvement districts and the Washington Convention Center Authority. DCST's Board of Directors are elected by its members.

NVTC (Northern Virginia Transportation Commission): NVTC is primarily a planning and administrative organization for the Northern Virginia Transportation District. It allocates approximate \$120 million in transit funding in the area. Its 20-member board has thirteen elected officials from local jurisdictions, 6 members of the Virginia General Assembly, and a representative of the Virginia Secretary of Transportation.

⁴ Wikipedia, "Streetcars in New Orleans", http://en.wikipedia.org/wiki/Streetcars_in_New_Orleans

EFFECTIVENESS

In addition to the general factors that make boards of all types more effective (such as open communication, mutual respect and established protocols), there are several additional considerations for transit boards. According to the TCRP Guidebook, there are six criteria for effective transit boards:

1. "...include individuals who are critical to securing funding and support of key constituents,
2. "... include members who share the vision of transit's role,
3. "... include members who bring a business ethic,
4. "Dedicated funding,
5. "A multimodal focus,
6. "... focus on policy, not management."⁵

This last element is perhaps the most critical, and it is reiterated throughout the TCRP Guidebook. According to the Guidebook, *"Transit board members often are criticized for their proclivity to get involved in day-to-day operations or to function as part-time administrators. Consequently, the role and responsibilities of the board must be clearly defined and understood by those who must fulfill them."* It is also important to have well defined and written role descriptions for the transit agency CEO, CFO and COO.

INNOVATION

The ability to be innovative will be important for the DC streetcar system, and not just for funding. Having staff that is responsive and looks for ways to improve the service and save money will help make the new system a success.

In 2000, the TCRP issued a report entitled "New Paradigms for Local Public Transportation Organizations" that looked at some of the obstacles to innovation that exist within the transit industry and provided recommendations about what the transit industry can learn from the private sector that might improve transit services. The authors of this report identified several "barriers to change"⁶:

1. The "public character" of providing transit services can lead to cumbersome processes and procedures necessitated by the need to include all stakeholders, provide notification, and accommodate political needs.
2. The influence of political cycles on decision-making, most notably the inability to plan (financially) in the long term.
3. A hierarchical, top-down organizational structure.
4. Adversarial labor-management relations.
5. Constraints on types and use of funding.
6. Lack of funding .

⁵ TCRP "Public Transit Governance Guidebook," http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_85.pdf

⁶ Transit Cooperative Research Board report "New Paradigms for Local Public Transportation Organizations" http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_58.pdf

As the District's streetcar system does not yet exist, it may be less susceptible to some of these factors; nonetheless, these should be kept in mind as the streetcar governance structure is developed. The TCRP report suggested several ways of overcoming these obstacles, which they described as "paradigm shifts" within the industry:

1. Focusing on the needs of the customer, taking lessons from private enterprise.
2. Separating strategic decisions from operating decisions.
3. Using technology to provide information and collect data, both for the customer but also as feedback on the quality and effectiveness of the service.
4. Providing incentives for innovation and improvement.
5. Outsourcing.

The second paradigm shift echoes the TCRP guidebook on effective transit boards. The first and the third describe a growing trend in local governance, of being more data driven and responsive to customers. These are characteristics that should be part of DC surface transit governance.

FUNDING

Because funding for both construction and operations is a challenge to any transit authority, the DC surface transit board will need the ability to explore a wide range of funding options. The board should have the ability to borrow funds and the freedom to be innovative when looking at funding options. The board should include members with experience in this area and members who would be affected by the funding options. In both Seattle and Portland, where special assessments have been crucial in raising funds for the streetcar lines, affected property owners have been closely involved in the development of the lines and governance of the systems.

COORDINATION WITH OTHER SERVICES AND AGENCIES

In several metropolitan areas, transit agencies have been criticized because governance is split between many different agencies that do not communicate well or coordinate their effort. Building relationships with WMATA and other transit providers should be considered an important task for a new DC surface transit board. In addition, the board needs to focus on system interface from the passengers' point of view. Consumers want to be able to use the same fare media and to be able to transfer between services provided by different agencies. Like the Circulator, the streetcar system should be part of the regional SmarTrip farecard program. The Metropolitan Washington Council of Governments, MWCOCG, has a regional bus subcommittee that includes all of the local providers of bus service as members. This committee works on technology, information sharing and coordination of bus planning throughout the region. A new DC surface transit authority should be represented on this regional committee.

ACCOUNTABILITY AND TRANSPARENCY

Another criticism sometimes leveled at transit agency boards is that they are closed off from the communities that they serve and are not responsive to the needs and concerns of riders. There can even be a perception that the board members don't use the transit services themselves, and thus don't fully understand the effect of the policies they are creating. There are several ways to avoid this trap:

Information: Providing regular information about ridership, service levels, budgets and other concerns can go a long way in helping people understand board decisions.

Open Meetings: While closed meetings may be more efficient, open meetings bring the decision making process out into the open and make the public more comfortable with the process.

Advisory Boards: Many transit authorities have advisory boards, usually including transit riders that provide valuable advice for the authority. A streetcar advisory board is well-suited to review service changes, complaints, and suggestions made by the general public.

PERFORMANCE MEASUREMENT

Performance measurement is an important transit board function for many reasons:

1. Setting and measuring goals can help the board stay focused on essentials .
2. Asking staff and others to look at new ways to meet and exceed system goals is a key component in innovation.
3. Measuring and reporting progress data ensures accountability. Collecting, reporting and analyzing transit data should be a regular function for the board and management. This should include ridership, accidents, travel times, costs, service quality, economic impact and passenger satisfaction.

Performance measurement is a broad topic that cannot be fully discussed here, but it should be noted that the TCRP has produced a guidebook on this subject, *A Guidebook for Developing a Transit Performance-Measurement System*, TCRP report 88, http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_report_88/Guidebook.pdf. This guidebook provides descriptions of over 400 performance measures that can be used in transit systems. Performance reports should be provided on a regular basis.

RECOMMENDATIONS

Building on the lessons of other cities and the research of the TCRP, below are several recommendations for the formation of the DC surface transit board:

- Establish a nonprofit corporation to run DC Streetcar and the Circulator.
- Use either an appointed or a hybrid board.
- Keep the board to a manageable size.
- Define roles of board and management as clearly as possible.
- **Focus on big picture and not on system management.**
- Include business community on board.
- Include citizens and riders, either on the board or an advisory board.
- Ensure coordination with WMATA, DDOT and other transit providers.
- Set strategic goals and measure progress against those goals.
- Collect and share data about system performance with the public.
- Look for ways to encourage innovation at all levels of the organization.