Wake Transit Plan Baseline Revenue Assessment

assessment

report

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Table of Contents

List of Tables

List of Figures

Executive Summary

The Triangle area is one of the fastest growing regions in the country with Wake County alone adding approximately 62 people per day and 225,000 people over the last decade. Several factors including a diverse economy, skilled workforce and nationally recognized universities and the Research Triangle Park drive this growth. The region is diversifying its transportation system to meet demand as evidenced by the ongoing implementation of the Wake County Transit Plan (WTP). The WTP was passed in 2016 to plan and deliver transit infrastructure and services that address four "big moves" and offer new mobility options for the area. A dedicated sales tax was passed to fund the WTP. WTP funding was intended to supplement and not supplant existing funding sources, with the expectation that each agency would continue to use existing funding to continue existing (Baseline) services before tapping into WTP funds to support growth. A Baseline policy was created in 2016 to protect the intent of WTP funding and determine funding levels each agency must meet to be eligible for reimbursement from WTP funds. Since that time the region's needs have continued to evolve and other factors have challenged this process, including increasing costs and driver shortages exacerbated by the COVID-19 global pandemic, consolidated route operations, and other factors. Implementation has also been affected by different interpretations of the policy and subsequent guidance over the past few years.

This report provides a "state of Baseline review" to highlight gaps and capture agency perspectives. The report will identify the steps, inputs, and engagement that support a framework of recommendations to reestablish the Baseline policy and process. The process started in fall 2023 and concluded in spring 2024 and focused on:

- **Gap analysis** of policies, procedures and guidance established and issued that outline Baseline requirements under the Interlocal Agreement (ILA). Source files and documentation submitted by agencies in response to the policy were thoroughly reviewed.

- **Interviews** with seven agencies to document their perspectives and experiences. These interviews were structured to be highly interactive and the feedback was synthesized to identify common themes and challenges faced by agencies to interpret policy and complete reimbursement.

- **Engagement with the Work Group** that has overseen Baseline implementation and advised on this process. These representatives were also in interviews and play a key role in communicating outcomes to their respective staffs. The Transit Planning Advisory Committee (TPAC) was also engaged twice, including a presentation of the final recommendations in February 2024.

- **Development of a framework** to advance recommendations to reestablish the Baseline policy definition. The framework includes identification of various scenarios to consider in the policy; supportive mechanisms (training, templates, SOPs) that standardize the steps and guidance; and implementation steps.

The recommendations presented here provide a roadmap for further review and refinement by the working group. The Baseline Work Group, led by CAMPO and GoTriangle staff are expected to present more detailed actions to implement the recommendations to the TPAC in 2024. These follow-on steps will help to ensure momentum and intent to operationalize next steps and institute a path forward for more consistent and effective implementation of the Baseline as originally envisioned for the WTP.

1.0 Introduction

1.1 Origins of WTP and the Baseline

The original Wake Transit Plan (WTP) was adopted by Wake Transit in 2015 to provide strategies for diversifying transportation investments in the region, increasing travel choices, and improving overall mobility in Wake County. In 2016, Wake County voters passed a half-cent sales and use tax dedicated to transit investments to support the plan. While the ballot language approved by voters in 2016 was broad—"One-half percent (1/2%) local sales and use taxes, in addition to the current sales and use taxes, to be used only for public transportation systems"—the measure was characterized similarly by both its supporters and detractors prior to the election. Namely, the new funds raised would be used to create new transit service, expand existing transit service, and build transit infrastructure, in line with the WTP. From the start, the spirit of the plan was that sales tax money would not go towards existing services or the "Baseline" level.

When the baseline service levels were established, a four-step methodology was used in each agency:

1. Documented all expenditures.

2. Detailed all funds spent for operations in the fiscal year prior to April 1, 2017.

3. Developed annual average of capital spending based on the five fiscal years prior to April 1, 2017.

4. Allocated operating and capital expenditures by revenue source.

A Baseline Revenue summary table was created and presented to TPAC in June 2017 that established the Baseline expenditures for each agency. Expenses beyond the Baseline could be reimbursed with funds dedicated to the WTP.

Over time, evolving practices and unanticipated circumstances have raised questions about the methods for comparing expenses to the Baseline. In particular, most agencies were forced to reduce service during the COVID-19 pandemic, creating challenges in clarity for how to allocate WTP funding during and following the pandemic. A review of related processes, including updating the Baseline, comparing expenses to the Baseline, and submitting and reviewing reimbursement requests was recommended to fully understand these issues.

1.2 Roles

Each transit agency in Wake County is charged with implementing relevant components of the WTP and eligible for funding from the dedicated WTP funds. A dedicated Tax District was established within GoTriangle to administer WTP funding. GoTriangle has general oversight and reviews reimbursement requests from all agencies except GoTriangle. Reimbursement requests from GoTriangle are reviewed by the Capital Area Metropolitan Planning Organization (CAMPO).

All agencies are responsible for collaborating to implement the WTP. Each year, the agencies collaborate to develop the Wake Transit Annual Work Plan, which details budgets, forecasts, and planned transit investments for the year under the WTP. Periodically, the agencies work together to update the WTP.

The Transit Planning Advisory Committee (TPAC) is an advisory committee, comprised of agency and local government representatives, responsible for facilitating WTP planning activities and recommending funding for implementation, including development and coordination of the Annual Work Plan.

1.3   Study Approach

As part of an effort to develop a common understanding of the Baseline process among the various agencies, Cambridge Systematics and Planning Communities were contracted to provide an assessment of the Baseline process. The assessment is comprised of three primary tasks: gap analysis, interviews, and recommendations. The gap analysis included a review of available documentation and materials related to how the process is currently implemented. Interviews of each of the provider and review agencies were conducted to understand how individual agencies approach the process and to identify areas for improvement. The findings of the gap analysis and interviews are described in Section 3.

The gap analysis and interviews form the basis for recommendations for ways to reestablish the Baseline and improve processes to ensure common understanding, uniform practices, and clear documentation. The study recommendations provide a high-level "roadmap" of how to advance process improvements. Recommendations are provided in Section 4. Implementing these next steps is beyond the scope of this effort.

2.0   Current State

Based on the review of documents, interviews, and gap analysis, the consulting team has identified a few areas of focus to describe the current state of implementing the Baseline process within Wake County. Further discussion of these is provided in Section 3.0.

2.1   General Overview

With adoption of the WTP and passage of a sales and use tax measure to support its implementation, a process was developed and continues to be implemented to define a Baseline funding level that each agency must meet before being eligible for reimbursement using WTP funds. Quarterly, transit providers submit reimbursement requests for WTP funding. WTP projects are defined in the Annual Work Plan, and reimbursement requests are compared to the Work Plan. It is during the Annual Work Plan process that a project is determined to be an expansion project vs. a baseline project - baseline projects are not included in the work plan. As noted in the Interview findings defining eligible WTP or non-WTP projects and the steps to complete reimbursement requests varies across agencies. These reimbursement requests are reviewed by GoTriangle Tax District, with the exception of requests from GoTriangle which are reviewed by CAMPO.

This Baseline Revenue Assessment was motivated by inconsistent practices between agencies, a lack of common understanding of the policies and procedures related to applying the Baseline, and various challenges that were specifically illuminated during the COVID-19 pandemic.

2.2   General Expectations for Reimbursements and Quarterly Reporting

On a quarterly basis, each service provider submits a completed Reimbursement Request and Financial Report that documents costs by Work Plan item for that period by that operator. This is a reimbursement request that is meant to track what costs are eligible for WTP funding.

A suggested reporting form was developed to support reimbursement requests that is used by most of the agencies. The reimbursement templates were originally prepared by GoTriangle for Fiscal Year 2018, and have been updated occasionally since then. There are no supporting procedures or policies to explain how to use the form or defining the data to be used. The current form does not refer to the Baseline. There is no standard requirement for backup documentation. Reviewing agencies may ask for clarifications as appropriate. Agencies submit quarterly reimbursements when they are requested.

2.3   Baseline Work Group

A Baseline Work Group was established in February 2022. The goal and original charge of the Work Group was to review the methods and assumptions attributable to the Wake Transit baseline, and develop methodology of calculating the baseline funding based on changes since the inception of the Wake Transit Program. The Work Group's charge has changed to focus on developing a holistic Baseline Policy for use in the Wake Transit Program.

The Work Group is made up of representatives from each of the agencies involved in the WTP. Current representatives on the Work Group include representatives from:

- CAMPO

- City of Raleigh

- Town of Cary

- Wake County

- GoTriangle Tax District

- GoTriangle Finance, Capital Development, and Service Planning staff

Prior to this study the Baseline Work Group has met regularly since it was established to discuss the policy implementation and procedure needs for an updated process and provided direction to this effort that has informed the recommendations that were developed.

3.0   Gap Analysis and Interviews

3.1   Review of Existing Files

CAMPO maintains an online document library with a variety of materials related to WTP budget and policy. A comprehensive review of the library was made, identifying all files related to Baseline Revenue policy. Documents that shed light on expected procedures, history, and areas of agreement and disagreement were of particular value. In the end, special consideration and study was paid to four document classes within the library:

- Legal instruments between WTP partners, namely the Transit Governance Interlocal Agreement (ILA) from 2016 between CAMPO, GoTriangle, and Wake County.
- Reimbursement requests submitted by WTP partners, between FY2018 and FY2024. Requests include line items for Work Plan projects, each tagged with reimbursement categories (e.g., bus infrastructure or salaries and benefits), accounting and project codes, and associated costs (e.g., adopted Work Plan cost, carryforward, or amendments).
- Financial projections for WTP projects, namely the Wake Bus Plan Operating Model. The spreadsheet model calculates projections based on routes, route characteristics, service hours, span, operating costs, and service efficiency, based on 2017 data provided by GoCary, GoRaleigh, and GoTriangle.
- Memoranda and presentations to the TPAC created by CAMPO, which explain and interpret Baseline Revenue policy for transit providers.

Documents from these highlighted classes were investigated for existing policies, procedures, and definitions, as well as any inconsistencies and gaps.

3.2   Interviews with Agency Staff

From November 21 through December 7, 2023, seven interviews were conducted with transit providers, GoTriangle Tax District, CAMPO, and Wake County to fully understand current agency approaches and recommend policy clarifications and process improvements around Baseline Revenue and WTP funding.

Interviews took place at the dates and times shown in Table 3.1.

Table 3.1   Agency Interviews

Date	Time	Interviewee
November 21, 2023	1:00-2:00 p.m.	GoWake Access
November 21, 2023	2:00–3:00 p.m.	GoTriangle Tax District
November 27, 2023	1:00–2:00 p.m.	City of Raleigh
November 27, 2023	2:00–3:00 p.m.	Town of Cary
November 28, 2023	9:30–10:30 a.m.	CAMPO
December 5, 2023	2:30–3:30 p.m.	Wake County
December 7, 2023	11:00 a.m.–12:00 p.m.	GoTriangle Service Planning

During all interviews other than Wake County, the team captured responses in a visual format using Miro. Miro boards from these interviews are included in Appendix B. Interviewees were provided a written guide to questions and topics in advance of the interview, with two versions for transit agencies and review agencies. The interview guides are included in Appendix A.

3.3   Key Findings and Themes

3.3.1   *Agencies Respond Differently*

WTP partners do not share a common interpretation of Baseline Revenue policy. The reimbursement process is ambiguous to most, due to a lack of guidance of expectations and procedures. Partners have, by necessity, charted individual courses and developed individual internal methodologies for reimbursement. In the course of creating these processes, partners have had to make a spate of small decisions, such as: whether to account by revenue hours or platform hours or operating dollars; whether to measure at the route level or at the system level; what components, like depreciation, amortization, and equipment, to include in calculating operating costs; whether cost components eligible for reimbursement change quarterly, annually, or not at all; and how to handle cost growth. These small decisions can accumulate into potentially significant differences between partners. Unsurprisingly, this led to inconsistency in how partners handle reimbursement requests. Baseline funding is tracked, calculated, and reported differently by disparate partners.

All interviewees identified funding amounts as a key factor for determining Baseline Revenue; providers also track and report service hours, though there is inconsistency on whether service hours should actually be considered. The most common area of confusion among interviewees was whether Baseline Revenue policy is based solely on funding dollars or agency service hours. When considering service hours, some providers compare the overall Baseline hours provided pre-WTP to the hours currently provided and consider those additional hours above the Baseline as reimbursable to the WTP. Other providers take a route-level comparison and attribute expanded service hours on a given route as reimbursable to the WTP. There is an understanding that it is legally required to use tax dollars from the WTP by meeting Baseline dollars first.

Interviewees who favored a definition focused solely on funding amounts noted that this method is simpler to track and manage and that it is consistent with the method used in transit plans in Durham and Orange Counties. Interviewees who favored a definition which includes revenue hours in addition to funding amounts noted that this method helps ensure that WTP funds are actually spent on the intended services and projects, and that if revenue hours are not considered as part of the Baseline that this will lead to more WTP funds being spent on agency Baseline services instead of new and expanded services.

3.3.2   *No Ground Truth for Baseline Policy*

As hinted to in the previous finding, there is an overall lack of documentation about Baseline Revenue policy and the reimbursement process.

There is no clear, centralized repository of definitions and requirements for Baseline Revenue policy.

- There are no consolidated instructions for submitting and reviewing reimbursement requests.

- There are no examples of best practices for submitting reimbursement requests.

- There are no instructions on providing backup documentation to a reimbursement request.

Where documentation and instructions do exist currently, they are often incomplete and leave open questions for WTP partners to answer on their own. For instance, there are no specific instructions to include service characteristics in a reimbursement request. Without this context (or backup documentation), those reviewing reimbursement requests cannot judge whether a new service is supplementation or supplantation of existing services. Reviewers are financial professionals and not expected to hold service planning expertise. The consequence of missing documentation and instructions is that WTP partners—both submitters and reviewers—often operate in the dark and must make decisions without full understanding of how to properly meet the expectations of Baseline Revenue policy.

All interviewees—with the exception of CAMPO—reported that the definition of Baseline Revenue policy is not clear. Transit agencies expressed a lack of clarity around whether to use solely Baseline funding or a combination of Baseline funding and service hours, noting that the policy was not clearly established at the time the WTP was created, and that written policy memos that have been provided since have been inadequate in answering the question. WTP partners expressed a need for a comprehensive policy document that clarifies and codifies the definition of Baseline Revenue as related to WTP funding. While transit providers use a reimbursement template created by GoTriangle, the template is inadequate in addressing the providers' challenges and areas of concern. Areas for improvement identified by providers included the desire for more advanced notice in changes to the reporting template and consistent, set due dates for submitting reimbursement requests.

3.3.3   Baseline Policy is Not Applied Consistently

Baseline Revenue policy must be flexible to a changing world. These changes can (and have) materialize in multiple facets of transit operation. For instance, travel patterns constantly change over time. Eventually, enough changes to travel patterns will necessitate adjustments to transit service, whether it is frequency or service pattern or service characteristics or a combination of changes. Annual cost inflation for transit operations likewise can change over time. In fact, the 2.5 percent assumed annual inflation from WTP financial projection documentation has significantly undershot actual changes to transit operations costs since 2016. The TPAC Program Development Subcommittee is reviewing adjustments to inflation assumptions incorporated into WTP projections.

In theory, assessing whether service is attributable to the Baseline or the WTP is simple. Routes and service hours that were provided prior to the WTP are part of the Baseline. The expansion of hours or new routes introduced in the Wake Transit Annual Work Plan is attributable to WTP funding. In practice, though, there are multiple situations which can complicate this simple rubric: addressing pre-WTP routes that have shifted or been combined—which relates to the question of whether a service change is supplementation or supplantation of Baseline service; addressing service reductions that were implemented following enaction of the WTP, including changes in response to the COVID-19 pandemic and subsequent changes in travel patterns; addressing routes that have changed in nature, namely transforming to Bus Rapid Transit (BRT) or microtransit; or addressing which partner is responsible for Baseline service when routes move between providers.

Some interviewees stressed the importance of policies that honor the intent and spirit of the WTP to fund new and expanded service, above and beyond what was in place before the WTP. Interviewees reported that major unforeseen changes stemming from the COVID-19 pandemic, like unexpected rapid cost inflation and operator shortages, have made it difficult to meet both the expected Baseline funding amount and

Baseline Revenue hours. Interviewees emphasized that the Baseline policy established going forward should be consistent and standardized for all partners—with the need to ensure the policy can account for providers operating different service models, including both fixed-route and demand-response transit.

3.3.4   Other Findings

The consultant team sought to understand how the work planning process accounts for Baseline services versus WTP expanded service. Interviewees provided limited background on how their agency needs and work planning process are incorporated into the Wake Transit Annual Work Plan. Many agencies do not have these internal processes documented, both for their agency and at the regional level. CAMPO noted that the Work Plan is based on and implements the latest WTP update; no other specific procedures were identified other than what is stated in the Work Plan. The current reporting template for reimbursements compares expenses to the budgeted amount established in the Wake Transit Annual Work Plan, however, reimbursement forms do not have a mechanism to account for Baseline costs or services.

For many agencies, the determination of what is an eligible cost for WTP is more directly tied to how it is described in the work plan, coded, and tracked in their financial software than it is to the Baseline. When reviewing reimbursements, GoTriangle Tax District focuses on the financial model and amounts. GoTriangle Tax District, who manages WTP funds for all agencies other than GoTriangle, stated that they do not request information to verify that agencies have met their Baseline. Most service providers described a mechanism for tracking expenses based on the Wake Transit Annual Work Plan.

Outside of work planning, one provider noted that the requirement to meet revenue hours can incentivize inefficient planning decisions. As an example, changing travel patterns have shown in some cases that consolidating a route or moving service to another provider will provide greater service to the community; however, the increase in efficiency can reduce the service hours provided by the agency compared to their Baseline. This can financially penalize the agency, which would need to increase service by the lost amount in order to meet the Baseline before being eligible for WTP funds for other service increases.

4.0   Recommendations

Through this study, the consulting team has learned that the reimbursement process is not well-understood, is not well-documented, and there are significant differences in how agencies are approaching it. This section describes three recommendations to improve the Baseline process. These recommendations are based on findings from the gap analysis and interviews and discussions with the Work Group. They are intended to be a framework or roadmap for next steps; implementation of these steps is beyond the scope of this assessment.

The recommendations fall into three categories: reestablish a Baseline policy definition, standards and guidance, and implementation.

4.1   Reestablish a Baseline Policy Definition

The Baseline Work Group should advance and finalize a formal definition of the Baseline Policy. Through this assessment, it is clear that additional work is required to formulate a consensus among agencies on what this definition should be. In general, the consulting team heard from the Work Group that the policy should:

- Meet the letter of the legislative requirements,

- Meet the goals of the WTP

- Be responsive to changes to the system, and

- Be easy to understand and implement.

This section describes a recommended framework for what a revised policy might look like focused first on the most viable option (Option 1) to advance followed by three variations to Option 1 all of which require further review. Our assessment finds Option 1 to provide the strongest starting point for the Baseline Work Group to reestablish a Baseline Policy definition. After further review and refinement, the reestablished process should also be operationalized through a Standard Operating Procedure (SOP) document adopted by TPAC.

4.1.1   Recommended Baseline Policy Framework (Option 1): Service Hour and Unit Cost Calculation

The recommended framework for the proposed revised policy follows three primary steps, and additionally has guidance to account for changes over time.

The proposed policy is grounded in the enabling legislation, which specifies that Wake County's local sales and use tax for public transportation shall be used "to supplement and not to supplant or replace existing funds or other resources for public transportation systems."[1]

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[1] Section 105-511.4(b) of the North Carolina General Statutes.
  https://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_105/Article_43.html

From this, it is recommended that the Baseline be defined as **the total present-day cost to provide the amount of service each agency was providing in Wake County in 2016**. This means the service hours provided in Wake County in 2016, multiplied by the current unit cost of that service, is the total financial responsibility each agency is responsible for under the Baseline. This can be implemented through the following steps:

- **Define Baseline Service Hours**. For each agency participating in the WTP, define the Baseline Service Hours as the number of revenue service hours provided by each agency in 2016. It is recommended that the FTA definition of Revenue Service Hours be used here, which includes time when a vehicle is available to the general public with a general expectation of carrying passengers, and includes layover/recovery time but excludes deadheads.[2]

  It is recommended that this calculation be defined at the agency level for Wake County as a whole, rather than route level or other intermediate geographic resolution.

- **Define a Unit Cost per Service Hour for each Agency.** A common standard method for calculating unit cost per service hours should be defined. This method should be clear about what costs are eligible for inclusion and which (if any) are not and be easy to calculate, implement, and verify. A starting point for that definition can be the FTA classification of costs defined in the FTA Uniform System of Accounts[3], and generally should include the costs to operate the service and maintain the vehicles but exclude vehicle and facility capital costs.

  Unit costs should be updated by each agency annually.

- **Baseline Financial Responsibility of Each Agency.** With a definition of Baseline service hours and present-day unit costs per service hour, these will be multiplied together to calculate the Baseline financial responsibility for each agency.

To illustrate what this might generally look like in practice, a sample calculation is provided in Table 4.1. In this example, GoTriangle and GoCary each have a Baseline Service Hour responsibility of 10,000 hours, while GoRaleigh has a Baseline Service Hour responsibility of 100,000 hours. These service hours are fixed and stay constant over time. In this example, operating Unit Costs per service hour vary by agency and grow at different rates over time. This results in changes to agency-level financial responsibility over time to account for the present-day cost of providing 2016 levels of service.

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[2] FTA National Transit Database Glossary. https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary

[3] FTA Uniform System of Accounts. https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/ntd/56681/uniform-system-accounts-usoa-effective-fy18_0.pdf

Table 4.1   Example Calculation for Option 1 – Service Hour and Unit Cost Calculation

Agency	2016			2023		
	Baseline Service Hours	**Unit Cost per Service Hour**	**Financial Responsibility**	**Baseline Service Hours**	**Unit Cost per Service Hour**	**Financial Responsibility**
GoTriangle	10,000	$100	$1,000,000	10,000	$130	$1,300,000
GoCary	10,000	$75	$750,000	10,000	$100	$1,000,000
GoRaleigh	100,000	$75	$7,500,000	100,000	$90	$9,500,000

Note: Values are not real – provided for illustrative purposes only.

In addition, the process needs to account for changes to the system. Specific scenarios that guidance should be created for include:

- **Changing service type, such as shifting from fixed route to BRT or microtransit**. Changing the service type can impact cost efficiency of the route, the amount of service hours associated with that route, and the effectiveness of that service. Guidance should be created to accommodate changes of this nature. As an example of how this could be handled, adjustments could be defined in the calculation of Unit Costs to account for and reward changing to more effective service types to meet rider needs and WTP goals. This could result in lowering unit costs in the financial responsibility calculation if more efficient and effective service is provided, lowering the Baseline Financial Responsibility for that agency.

- **Accounting for route design and schedule changes**. As development and travel patterns in Wake County change, route design and schedule changes will become necessary. This could include moving routes, combining nearby routes, adjusting frequencies throughout the day or week, and other related changes. Guidance should be created to allow for and account for these changes in the Baseline calculation. As an example of how this could be handled, route design and schedule changes could be allowed as long as the net Service Hours do not decrease.

- **Transferring a route from one agency to another**. This should be implemented by subtracting that route's service hours from the Baseline for the agency no longer operating the service, and adding those service hours to the Baseline for the agency taking it over.

- **Accounting for variance or interruptions**. The calculation of Baseline should accommodate variance for specific changes, such as adjusting for the number of weekdays versus weekend days in the quarter or year. Guidance should also be created about how to handle specific interruptions that impact service provision to cover situations such as major storms, vandalism, construction-related disruptions, and other similar situations outside the control of the provider. One approach may be to set a percentage-based threshold such that small changes are disregarded or handled directly, while limiting adjustments to larger disruptions that fall outside of a typical, expected range of variability.

- **Adapting to major shocks**. For major, cross-system disruptions with far-reaching impacts, such as the COVID-19 pandemic or future significant economic downturn it is not feasible to pre-define how to respond to scenarios of this magnitude. Instead, major shocks require revisiting the entire Baseline and

WTP policy. In these scenarios, the TPAC should establish or expand the role of the Baseline Work Group to recommend changes and generate a path forward.

The advantages of this approach are: it has a strong tie to service levels; it accounts for changes between and within agencies; it ensures that WTP funds are going only to service expansion; it ensures agencies would not be eligible to use WTP funds for the increased cost of existing services; and it meets the goals of the WTP. A disadvantage of this option is that it may be complicated to understand and implement.

The rest of this section describes three variations to Option 1 with advantages and disadvantages described.

4.1.2   Option 2: Funding Level with Cost Escalation

A second option is a definition based in using **2016 funding levels increased by agency-specific escalation factors**.

To calculate each agency's Baseline financial responsibility, this approach would start with what the agency spent in 2016 on operations. That funding level would be adjusted to account for agency-specific operating cost escalation over time. Each agency may have different escalation amount each year, and each agency may have different escalation rates compared to each other. As part of the policy, there would need to be a clear definition established about what cost categories are included and not included in the calculation.

This approach would likely have provisions for similar exceptions or adjustments as described in Option 1, and while the number of service hours is not part of the definition in this approach, it is designed to ensure that each agency is providing funding for the same Baseline service levels over time.

To illustrate what this approach might look like in practice, an example calculation is provided in Table 4.2. In this example, the agreed financial responsibility for each agency was $1 million for GoTriangle and GoCary, and $7.5 million for GoRaleigh. Each agency might see different average operating cost escalation over time based on their specific circumstances, so those growth rates are applied individually to calculate the 2023 Baseline financial responsibility of each of the three agencies.

Table 4.2   Example Calculation for Option 2 – Funding Level with Cost Escalation

| | 2016 | 2023 | |
| | Financial Responsibility | Average Cost Escalation 2016-23 | Financial Responsibility |
Agency			
GoTriangle	$1,000,000	3.0%	$1,229,873
GoCary	$1,000,000	2.5%	$1,188,685
GoRaleigh	$7,500,000	3.5%	$9,542,094

Note: Values are not real – they are provided for illustrative purposes only.

The advantages of this approach is that it has a tie to service levels through the definition and calculation of cost escalation factors; it accounts for inter-agency differences; it likely ensures that WTP funds are going only to service expansion; agencies would not be eligible to use WTP funds for the increased cost of existing services; and it likely meets the goals of the WTP. A disadvantage of this option is that it may be complicated to understand and implement.

4.1.3 Option 3: Funding Level with Common Inflation Rate

A third option is a definition based on using **2016 funding levels increased by a common inflation rate** across all agencies.

To calculate each agency's Baseline financial responsibility, this approach would start with what the agency spent in 2016 on operations. That funding level would be adjusted to account for inflation over time. This could be a fixed agreed amount (i.e. 2.5% or 3.0%) or could be tied to an outside inflation value updated each year (such as CPI or other relevant index).

To maintain simplicity of implementation, this approach would have few or no exceptions or adjustments in contrast to Options 1 and 2. Instead, the policy would be purely based on a dollar value that includes inflation, and the number of service hours would not be part of the calculation either explicitly or implicitly.

To illustrate what this approach might look like in practice, an example calculation is provided in Table 4.3. In this example, the agreed financial responsibility for each agency was $1 million for GoTriangle and GoCary, and $7.5 million for GoRaleigh. A common inflation rate, in this case 2.5%, would be applied to all agencies over time to calculate the 2023 Baseline financial responsibility of each of the three agencies.

Table 4.3 Example Calculation for Option 3 – Funding Level with Common Inflation Rate

	2016	2023	
Agency	**Financial Responsibility**	**Average Inflation Rate 2016-23**	**Financial Responsibility**
GoTriangle	$1,000,000	2.5%	$1,188,685
GoCary	$1,000,000	2.5%	$1,188,685
GoRaleigh	$7,500,000	2.5%	$8,915,143

Note: Values are not real – they are provided for illustrative purposes only.

The advantage of this approach is that it is a simple calculation, and therefore is very easy to understand, implement, and forecast over time. Disadvantages include that this approach does not fully account for increasing costs or any service changes over time; it does not have a real tie to transit service levels; it may make it difficult to demonstrate that WTP funds are going to service expansion; and agencies may be eligible to use WTP funds for the increased cost of existing services in this approach if cost escalation is greater than the common inflation rate.

4.1.4 Option 4: Fixed Funding Level

A fourth option that surfaced from the Work Group was a definition wherein **2016 Baseline funding levels are constant in perpetuity.** Simply put, this option would use what each agency spent in 2016 on operations, and establish that funding level to be fixed as the Baseline funding level in all future years.

This approach would have no exceptions or adjustments, and be purely based on a dollar value spent with no inflation or cost escalation. The number of service hours provided would not matter in this definition.

To illustrate what this approach might look like in practice, an example calculation is provided in Table 4.4. In this example, the agreed financial responsibility for each agency was $1 million for GoTriangle and GoCary, and $7.5 million for GoRaleigh. This number would remain fixed over time, so 2023 financial responsibility for each agency would be the same.

Table 4.4   Example Calculation for Option 4 – Fixed Funding Level

	2016	2023
Agency	**Financial Responsibility**	**Financial Responsibility**
GoTriangle	$1,000,000	$1,000,000
GoCary	$1,000,000	$1,000,000
GoRaleigh	$7,500,000	$7,500,000

Note: Values are not real – they are provided for illustrative purposes only.

The advantage of this approach is that it does not require any calculations, and is very easy to understand, implement, and forecast over time. The disadvantages of this approach include that it does not account for increasing costs or any change over time; it does not have any tie to transit service; it makes it difficult to demonstrate that WTP funds are going to service expansion; agencies would be eligible to use WTP funds for the increased cost of existing services; and this approach would likely not meet the goals of the WTP.

4.2   Standards and Guidance

Additional standards and guidance should be adopted to create a common understanding and source of truth for policy implementation.

Create and Adopt a Standard Operating Procedure / Memorandum of Understanding

The future Baseline policy should be accompanied by a Standard Operating Procedure (SOP) that clearly defines how the policy is to be implemented, including details such as the frequency and timing for updating unit costs, calculations for unit costs and reimbursement requests, documentation and review procedures, and standard practices for accounting for changes, and processes for addressing unforeseen or unusual circumstances. The policy, SOP, and possibly other key supporting guidance should be developed as a package to ensure that there is clarity around how the policy is to be implemented at the time it is proposed for adoption, and the Baseline Work Group will need to determine the appropriate level of detail to be clarified in the policy versus the SOP. For example, the policy will likely need to specify which costs are eligible for reimbursement and when, while the SOP would explain how to document eligible costs and submit, review, and process reimbursement requests.

The Baseline policy should be referenced in future funding agreements, which should clearly identify funding limitations and responsibilities relating to the policy. A Memorandum of Understanding or similar agreement could be developed to document that all affected agencies agree to the policy and procedure.

Annotated Reimbursement Templates

A new reimbursement template should be created based on the final updated Baseline Revenue policy and other recommendations. The final template should be used consistently by all agencies, and therefore must be able to account for agencies with different service models, such as directly-operated service compared to purchased transportation operations. This template should be annotated with instructions on how it should be properly completed and submitted, including the identification of any required backup documentation. Enhanced features, such as detailed instructions in mouseover tooltips, drop down selection boxes for certain entries, and formula validation may be included.

The fields of the reimbursement template should align as closely as possible with the final Baseline policy. The example template is based on the Recommended Baseline Policy Framework; therefore, it includes:

- The agency's baseline service hours (overall, as well as a quarterly allotment based on the assumption that the agency would be eligible for funding each quarter based on one-fourth of the baseline),

- the service hours provided for that quarter,

- the service hours eligible for funding (total hours minus baseline hours),

- the unit cost, and

- the total amount for reimbursement (hours eligible for funding times the unit cost).

If a different framework is selected, the template would need to be modified to align with the framework. For example, if a framework based on funding levels were selected, the template would include the baseline funding level and inflation rate rather than service hours and unit cost.

Figure 4.1   Example Illustration of Annotated Reimbursement Template

Wake Transit Work Plan Reimbursement Request and Financial Report

| AGENCY NAME | | | | | | | ← Drop Down Box |

ACTIVITY PERIOD		
DUE DATE	*Prepopulated with full DD/MM/YYYY due date*	
SUBMISSION DATE		

EXAMPLE

	Baseline Service Hours (Total)	Baseline Service Hours (Per Quarter)	Service Hours Provided	WTP Hours	Unit Cost per Service Hours	Total
	Calculated for each agency based on the adopted policy	*Annual Baseline Revenue calculation divided by four*	*Agency enters the amount of hours they provided in a given quarter*	*=Hours Provided - Baseline (Per Quarter)*	*Calculated for each agency based on the adopted policy*	*= WTP Hours * Unit Cost*

← Mouseover Tooltips & Formula Validation

I hereby certify that to the best of my knowledge and belief, the amount being requested for reimbursement from the Triangle Tax District Wake Operating and/or Capital Fund is correct, and the expenditures are in accordance with the laws and the rules and regulations as outlined in the Wake Transit Master Participation Agreement, Wake Transit Governance Agreement, and Wake Transit Financial Plan Agreement. This request for funds includes only items due and payable per the terms and conditions of applicable Transit Operations, Transit Administration, Capital or Special Agreements with GoTriangle as administrator of the Triangle Tax District. The City of Raleigh's expenditures funded from the Triangle Tax District Wake Operating and/or Capital Funds are reconciled quarterly to the Triangle Tax District's ledger and the City of Raleigh is in compliance with reporting requirements outlined in any and all applicable Agreements. Supporting documentation for all expenditures is maintained on file at the City of Raleigh and is available upon request. I acknowledge that the amounts listed as Reimbursement Pending Submittal contain expenses incurred but not yet submitted for reimbursement and that amounts subsequently requested for reimbursement may differ due to timing or further refinements.

NAME	SIGNATURE	
Print Name	*Signature*	

TITLE	DATE	
Title	*Date*	

FAQ with Scenarios and "Data Dictionary" of Terminology

Interviewees highlighted a number of situations under the current policy where the existing resources were not sufficiently clear on how to follow the policy. To help address this, agencies should be provided with a list of Frequently Asked Questions (FAQ) that includes common scenarios and areas of confusion. Possible topics include:

- How to address service shifting from one transit agency to another.

- How to address service shifting to another travel mode (from fixed route to BRT, microtransit, or commuter rail)

- How to manage challenges outside of the control of the agency (for example, driver shortages and higher than anticipated cost increases)

- How to proceed in cases where a planning decision will create greater efficiency for the community, but results in a lower Baseline

- How to proceed in response to and through cross system shocks or disruptions

Specific answers to these questions can be created and refined as the Baseline policy framework is developed and established, in particular with agreement on the approach to scenarios accounting for changes in service discussed in Recommendation 1.

Agencies often had differing definitions for key terms or did not understand how to apply a term in the context of accounting for Baseline Revenue and submitting reimbursements. To help address this, agencies should be provided with a glossary of key terms or and/or data dictionary that identifies key data elements, sources, usage, and format (for example, the method and underlying data needs for calculating unit cost). This would include definitions not only for terminology directly related to the Baseline policy, but also to describe how commonly used industry terms should be understood and applied in this specific context. Possible terms include:

- Baseline policy
- Service hours
- Unit cost/ Cost per hour
- Supplement versus supplant
- Service characteristics
- Service expansion

- Service reduction
- Eligible cost
- Inflation
- Cost Escalation
- Hold Harmless

It is recommended that to the extent possible, the definitions be based on already-established definitions in use for FTA reporting, within existing interagency agreements, or in current legislation, in order to build from current points of common understanding.

4.3 Implementation

4.3.1 *Mechanisms to Help Implement Revised Baseline*

The success of reestablishing Baseline implementation requires a common and well understood process by all agencies to increase and improve consistency in compliance. Similar to change management, the process can be defined by outcomes which achieve, measure, and report compliance based on stated goals and objectives. Enacting the recommendations outlined in this study could follow a similar path and advance through a set of go forward steps. This section outlines at least three steps which can jump start implementation after each recommendation is reviewed and further detailed. The following goals could be used to track, measure and report the effectiveness of the mechanisms and more importantly the degree to which compliance occurs under the Baseline policy.

- **Increase awareness and understanding**. Provide resources for current and new staff to understand definitions, standards, analytical steps, scenarios and compliance related activities which improve the quality and timeliness of reimbursement responses.

- **Increase accessibility of Baseline related resources**. Provide a single location for up-to-date and easily referenceable information that stays current with evolving scenarios.

- **Increase engagement with agencies**. Explore methods to increase communication and expectation surrounding compliance and direct feedback of how the process can continue to improve.

CAMPO/GoTriangle can report results annually against these goals as a way to quantify how compliance is increasing and to identify where more can be done to increase compliance and consistency with the Baseline policy. The results can be communicated annually before the start of each fiscal year and reimbursement cycle to establish a rhythm and expectation that solidifies the seriousness of the process and participation of agency staff.

Implementing the following mechanism is a worthy endeavor that may require a sustained, multi-year approach to achieve progress and yield results. However, the upfront investment of time to activate these mechanisms soon after recommendations are reviewed/detailed builds momentum and signals commitment to the agencies. Although the actions which support these mechanisms are important, they cannot all be implemented simultaneously. Implementation should proceed in a practical manner, building on related planning activities and/or leveraging staff expertise without being overly burdensome or prescriptive.

- **Training**. The development and implementation of a training module could signal and launch a restart of the compliance process under a revised Baseline policy. Ideally, the training module could be integrated into the new Wake Transit 101 annual training each fall. Training materials could focus on a review of findings from this study and a tutorial to arm agencies with guidance, resources and information that enable reimbursement responses more consistent to the policy. Some resources listed here – such as an online library, could be highlighted during the training to demonstrate a comprehensive, holistic approach to support agencies towards compliance. At a minimum the packet of training materials could include an inventory of policy related files, Baseline calendar/schedule, reimbursement forms, including an annotated template, FAQ's and step by step guidance to address reimbursement compliance. Targeting annual training at the start of the fiscal year supports new staff in becoming conversant with the policy and reimbursement calculations/steps quickly and allows for support material to be updated and shared as needed. The updated material could include new scenarios or case studies sourced from agency experience in the prior year that are shared for the benefit of everyone. The training could be recorded and maintained online so agency staff can access tutorials at their convenience.

- **Online resources**. Establish a single, online site with extensive resources, examples, source documents and other at-a-glance information that is easy to access and review. This site and repository of materials should be maintained by CAMPO/GoTriangle and refreshed annually coordinated with the annual training. Annual review and update (as needed) ensures new scenarios, assumptions, or other policy-related changes are incorporated and communicated at the start of the fiscal year. The online file directory can mimic the structure of training sessions to make materials easy to locate and disseminate.

- **Informal Audits**. Hold informal audits with agencies as a way to maintain accountability, build trust across agencies, and pursue one-on-one engagement as needed. The follow up with agencies to ensure compliance is being implemented consistently would be more proactive not punitive and focus on peer-to-peer learning as well as continual learning for current staff and new staff who onboard between annual training cycles. Over time and as the baseline policy is reestablished the audits may become less frequent.

5.0   Conclusion

Implementation of a process change - or in this case, re-establishing a process - requires intentional, deliberate actions. This report is designed as a starting point for further review by the Baseline Work Group to identify next steps that support the recommendations and chart a path to present a final, refined set of recommendations to the TPAC this year. This section outlines priority focus areas for the Baseline Work Group to start evaluating immediately to support this transition and serve as potential agenda items for upcoming meetings and post assessment activities.

- **Common vernacular**. Create a consistent set of definitions and understanding of key terms such as "service hours" or "revenue" or "scenario" used in this report and surfaced through the agency interviews. Forming a common glossary of terms is critical to refining the recommendations and promotes greater understanding among all agencies to address and avoid varied baseline interpretations that have challenged uniform implementation in the past. Development of a glossary in the near future could be augmented with examples of services and service types subject to the recommendations and to build awareness of the diverse cross section of services provide through WTP – from fixed route to paratransit, demand response and other GoWake accessibility services for the mobility impaired. Development of an initial glossary soon would help jump start the formation of a formal baseline data dictionary outlined in section 4.

- **Scenarios**. Expand upon and further describe the scenarios listed here which are not exhaustive. Solicit the agencies for other externalities which frequently disrupt service and negatively impact operator and administrative budgets, and as a result challenge baseline implementation. This process could include researching other peer regional transit systems to identify a broad spectrum of potential disruptions and to expand upon the categories listed in this report. Further exploration of scenarios could also lead to Baseline Work Group considerations of what common actions are needed to flexibly adapt to various scenarios while simultaneously protecting the intent of baseline policy implementation.

- **Flexible Policy**. Develop more details around keeping the baseline policy flexible and sensitive to unforeseen changes and in response to scenarios cited above. Provisions could include establishing a cycle to revisit the policy and make changes as needed. Every revisit and/or adjustment of the policy could in turn be communicated to the agencies and become part of the annual training and informal audits so that every agency stays current with policy requirements.

Appendix A. Interview Guide

A.1 Introduction

The WTP is intended to fund the growth and expansion of transit service throughout Wake County. Because the plan focuses on new and expanded service, reimbursement of WTP funds is based on expenses relative to a Baseline of transit service for each agency. Over time, it has become apparent that policies regarding how the Baseline is defined and calculated are not clear and agencies have developed different ways of determining their Baselines. The Cambridge Systematics and Planning Communities team is working with CAMPO to fully understand current agency approaches and recommend policy clarifications and process improvements. Each agency receiving WTP or reviewing reimbursement requests will be interviewed to understand current practices, challenges, best practices, and opportunities for process improvement. In addition to the interviews, participants will be asked to share any documentation related to their internal procedures and processes to inform the analysis.

A.2 Interview Questions – Transit Agencies

The following questions will be used to help guide the conversation.

A.2.1 Baseline Revenue and Reimbursement Process

Please describe how your agency defines its Baseline service or revenue.

- How was this definition developed? Is it based on guidance provided during the start of the WTP or has it evolved based on changing conditions? If the latter what are those conditions?

What aspects of the WTP definition of the Baseline and associated policies are unclear?

What is the biggest challenge your agency faces in responding to the Baseline requirements?

How do you determine what costs and revenues are attributed to the WTP vs. the Baseline during the development of the Annual Work Plan?

- Software used

- Procedures

- Calculations

- Documentation submission / review

Please describe how your organization documents Baseline Revenue (and associated transit service) and identifies WTP revenue relative to the Baseline (for service expansion, additions, etc.)

- Please note areas where this process could be improved

- Please note effective practices in your current and past procedures

- To what extent is this process written down/documented?

Please describe the process for how you track and manage Baseline Revenue

- Has this process changed since the WTP was implemented?

    - If so, note any changes and the approximate date(s)

- Please note areas where this process could be improved

- Please note effective practices in your current and past procedures

- To what extent is this process written down/documented?

Please describe how your organization develops reimbursement requests.

- How do you compare expenses to the Annual Work Plan?

- How do you identify expenses to be reimbursed?

A.2.2   Roles and Responsibilities

Who in your organization is involved in managing the budget around WTP funds and related revenue?

- Titles & Names

- How long have they been working with WTP reimbursements?

- Specific roles and responsibilities

    - Who is responsible for determining what is considered a service expansion during the work planning process?

    - Who is responsible for preparing reimbursement documentation?

    - Who is responsible for reviewing reimbursement documentation?

A.2.3   Other Feedback

 What are your top 1-2 priorities or suggestions to improve this process?

- How should those priorities be implemented? Who should be involved in making the changes?

Please share any other comments, feedback, or questions you have for the project team

A.3   Interview Questions – Reviewing Agencies

The following questions will be used to help guide the conversation.

Baseline Revenue and Reimbursement Process

Please describe how your agency defines Baseline service or revenue for the purposes of review and oversight.

Are there elements of the WTP definition of the Baseline and associated policies that you believe need to be clarified?

What is the biggest challenge your agency faces in implementing the Baseline requirements and reviewing reimbursements?

How do you review what costs and revenues are attributed to the WTP vs. the Baseline during the development of the Annual Work Plan?

- Software used

- Procedures

- Calculations

- Documentation submission / review

Please describe how your organization reviews WTP reimbursement requests.

- Please note areas where this process could be improved

- Please note effective practices in your current and past procedures

- Please note any challenges your agency has identified

- Please note any clarifications needed in policy or procedure

What are the key elements that you need to review to determine if expenses should be attributed to the WTP?

Has there been a time when a reimbursement request was either wrong or insufficiently documented?

- How was that resolved?

Have you identified any challenges or inconsistencies that make it difficult to process reimbursement requests?

A.3.1   Roles and Responsibilities

Who in your organization is involved in overseeing WTP funds and related revenue?

- Titles & Names

- Specific roles and responsibilities

- Who is responsible for reviewing work plans?

- Who is responsible for reviewing reimbursement documentation?

A.3.2   Other Feedback

What are your top 1-2 priorities or suggestions to improve this process?

- How should those priorities be implemented? Who should be involved in making the changes?

Please share any other comments, feedback, or questions you have for the project team

Appendix B. Interview Results

Our Agency's Baseline

Agency:

GoWakeAccess

Interview Date:

11/21/2023

Definition

Baseline changes in regards to WTP. Factor of many things - mission, frequent, reliable, safe transportation. Look at industry standards/regulatory requirements. Needs assessment. Big component is financial planning - all services are grant resources (local is WTP). Break down (operating, capital, etc). Annually look at trips for the year and compare to 2 years prior. Complicated by COVID - look at pre- and post-COVID. Back at pre-COVID demand. Look at everything big picture. Main focus is service standards and regulatory requirements. For WTP, we don't have a lot of foundational information to go on. We are the only system that operates the way we do - demand-response. Requirements are based on paratransit and fixed route. Try to make it fit to what they want us to report on. Revenue sources, expenses, trips, revenue hours.

Do not have a separate process for reviewing baseline for Wake Transit.

Opportunities
for clarification:

Reimbursement process is clear. What would be helpful is to have refresher training on exactly what's expected. It's helpful for new staff to understand the background and make sure there is opportunity to ask new questions.
Baseline is most confusing, because they don't get feedback on the process or how it's used. More education on what they are using it for.
Reimbursement - fill out form quarterly, submit through smart sheet. Would be helpful to have more communication on timeline for processing.

Challenges

Timeline is unknown; standard reimbursement timeline and contact would help.

Participants:

Anita Davis-Haywood
Gwendolyn Avery
Nikki Abija

Work Planning Process

Determining Costs

All funding sources in system. Use EcoLane software for all of it. Every funding source has a cost and revenue code. At end of the month, each will be coded so a certain percent comes from each funding source

Procedures

Once coded, it goes to financial review. Once invoice comes in from vendor, codes to where invoice will be paid from. Anita reviews. Submit to finance team down town, they review to make sure documentation matches what was coded and they pay invoice. Have to upload backup documentation 2 signatures are needed. Backup includes trip information, riders, type of trip, submitted when claim is submitted to Wake Transit.

Documentation

Roles & Responsibilities

Role	Name / Title
Determining Service Expansions	Anita Davis-Haywood (involved since beginning of WTP) and Nikki Abija (started in Jan 23) work with local entities to understand needs
Preparing Reimbursements	Gwendolyn Avery Luis Berrios
Reviewing Reimbursements	Gwendolyn Avery Luis Berrios
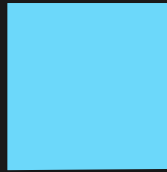
Tracking & Managing Baseline Revenue

How Baseline is Tracked

Tracked month to month and compared to prior years

Process Improvements Needed

Effective Practices

Challenges

Challenges
Biggest challenge is making sure funding is allocated appropriately throughout the year based on demand, since trip demand can go up and down. Making sure it's tracked throughout the year and looking at past patterns, adjusting throughout the year rather than at the end.

Clarifications

Reimbursements

Identifying Expenses

Only reimbursement cost is call center and trips. Fairly easy. Call center cost is submitted annually. Submit sheet of employees and hours - do not submit expansions, only take standard of what WTP provides. Trips are already coded as WTP trips Only need to provide extra when additional service is requested, explaining why demand is increased. Current process is very easy, 90% of funds go to trips and it's set up in the software, coded,e tc.

Work Plan Comparison

New microtransit is a supplement. Not replacing any services, microtransit fills a gap. In initial process, WTP provided planning funds. For FY24, asked them to continue to fund so service can be funded until beginning the CFA process in 2025. $400,000 of funding provided for FY24. Towns going through CFA process to take over funding in FY25.

Have never had a denial. Have had to send clarifications. GoTriangle may ask a question or clarification

Other Comments, Feedback, Notes

Getting people on Mobility Matters available to assist users. Lots of senior population does not have the ability to use smartphone or app. There is a lot of anxiety of whether a trip will work. People don't know how to work apps while working or not secure working.

Sometimes data that WTP asks for doesn't align with demand response that well. Microtransit is coming up in more areas. More specialized data requests would help.

Helpful to understand when to claim, when to expect funding. Understanding whole process would be helpful.

Top Priorities
Need refreshers as staff comes in and out. Understand where they fit. Perhaps CAMPO/GoTriangle to put together

Our Agency's Baseline

Agency:

GoTriangle Tax District

Interview Date:

11/21/23

Definition

> Based on dollars, perhaps with inflation
> What budget and finance agreed with - CFO signs that they are validating, we don't ask for reports on revenue miles/hours, etc. Dollar amounts have always been exceeded. If there is going to be a validation, all the information needs to be in by mid-August for end of year deadline. Most likely reconciliations may not be known until later in the year. Policy would need to be that that reconciliation would need to happen and adjustments may need to carry over into next year

Opportunities
for clarification:

> There is a lot of confusion
> Differences in interpretation
> Every entity is doing their own thing
> Need consistency and rules
> How does shift to BRT and other changes affect?
> Variance in reimbursement request and reimbursable amount; not sure why rates vary
> Hours is confusing - revenue hours vs platform (Cary and Raleigh), sometimes varies depending on who at the agency submits
> What should be included and not included - equipment, amortization, etc.
> Consider driver shortages
> Consider including an amount that you could miss (emergencies, etc)
> Increased cost of service issues

Participants:

> Steven
> Schlossberg
> Paul Kingman

Work Plan Review

Determining Costs

Baseline is dollar amount that grows 2.5% per year. Partners still contribute that amount

Tax district focuses on financial model

Procedures

Documentation

Do not ask for documentation to verify that they have met thresholds

For non-fixed route, get some reports, proof that they paid for employees, etc.

Roles & Responsibilities

Role	Name / Title
Reviewing work plans	
Reviewing Reimbursements	

Reimbursement Review

Review Process

Quarterly. They submit cover page, varying amount of documentation

Generally rely on CFO agency signoff. Occasionally ask for clarifications.

Relying on partners. Look at project agreement

Process Improvements Needed

Consistency

Keep it easy

Route reallocation - may need to share existing document - thought was that transfer others price. If not matching baseline, could keep that in. Doesn't help with financial model. Understand what to put in, what's allowed

There seems to be a concern about penalty. There's not incentive for increasing frequency etc. because there is concern about penalties if they don't meet baseline.

If there is a change by Nov 30, partners need to submit form/proof saying they did x amount of revenue hours, fixed route, etc.

Effective Practices

Working Well in general

New ADA Policy - fixed percent of fixed route service automatically authorized

Durham Orange area has some policies that may be useful as a model

Challenges and Past Resolutions

Sometimes agencies are defensive if they ask questions - make sure baseline isn't a barrier

Clarifications

Not clear if soft costs/staffing are included in cost/hour

+ + + + + +

Review Needs

Key Elements of Review

Current template meets needs

Challenges/ Inconsistencies

Differing interpretations

Inconsistencies among and within agencies on what is reported
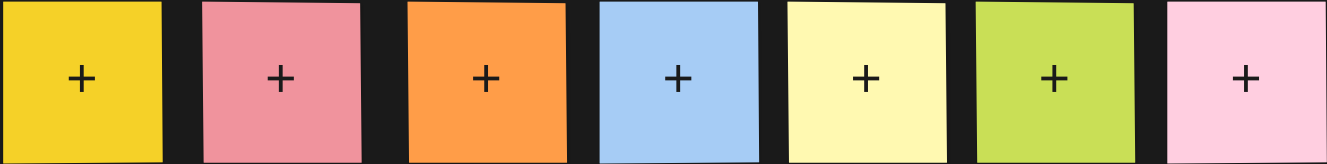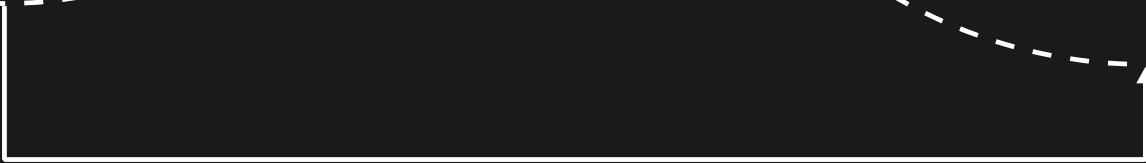
+ + + + + + +

Other Comments, Feedback, Notes

Our Agency's Baseline

Agency:

GoRaleigh

Interview Date:

11/27/2023

Definition

Raleigh focused on the dollars. Talk about ensuring the amount spent matches or exceeds baseline funding in the supplantation/baseline memo. Also track revenue hours in spreadsheet
Definition has been consistent, but there has been some disagreement with CAMPO in the past about hours vs dollars

Opportunities
for clarification:

1. Whether it refers to dollars, service, or both has been raised.
2. How do you account for service shifted between providers?

Challenges

Have had less challenges than other agencies, since they have taken on routes rather than shifting them to others
The calculation is complicated, Shavon has simplification on her plate. Calculation is accurate, but very complicated and takes a long time

Participants:

Shavon Tucker
David Walker

Work Planning Process

Determining Costs

City's financials are all captured in Oracle PeopleSoft. Baseline calculation to ACFR. That's the starting point - wait for ACFR to be audited (end of October), wait for it to be published to get financial statents online. Include all transit expenditures and revenues at high level. Compare to transit actuals to break out categories - e.g. revenue , break to farebox, contracted routes, etc) Takes time to compare apples to apples. Capital vs operating

Procedures

Start with ACFR

Break out revenues and expenses into categories

Documentation

Only submit summary sheet to GoTriangle

Use revenue and expenditure actual activity for the ledger

Table looking at useful lifes for capital expenditures

Look at NTD service routes to break out contracted routes/baseline service hours. They don't report on hours they run for GoTriangle for example

Also look at paratransit service hours from NTD report

Roles & Responsibilities

Role	Name / Title
Determining Service Expansions	David Walker (Transportation Supervisor) will be less hands on in future, has oversight - it follows the WTP itself, keep the plan updated. Short range plan is how they determine expansions Bus and Bus Facilities Team
Preparing Reimbursements	Shavon Tucker
Reviewing Reimbursements	Finance Department, Management Services Team - Alice Degaetano, Senior Fiscal Analyst, then to CFO for signature - Allison Bradshaw

Tracking & Managing Baseline Revenue

How Baseline is Tracked

Process Improvements Needed

- Would be helpful to know changes in advance in reporting/template from year to year
- No set due date for baseline calculation from year to year. Usually ask around March.

Effective Practices

- Memo mentions tying baseline calculation back to ACFR – may be good to make sure this is consistent across agencies
- Same internal template used every year (looking to revamp)

Challenges

- Some routes have shifted between agencies. Contracted routes are backed out. Fixed route hours require adjustments – transitioning to planning staff in future
- Grant money that been inactive, used more funding to close out projects not be funding lapse. Used less city funding that year. Caused them to fall below baseline dollar amount. Situations like that are tricky.

Clarifications

Reimbursements

Identifying Expenses

Financial ledger separates WTP funding with coding. Allows them to easily see which are Wake Transit funds and which are not. They filter on the coding quarterly, easy to see actual expenses incurred. Codes are based on adopted annual budget, set up before any expenses are incurred.

Tied to adopted work plan, reflected back in ledger as WTP project. Some routes may be split, for those routes, contractor splits out amount paid based on pre-WT activity and post-WT activity. Coded to 2 different places. Expansion routes are captured separately than city-funded portions of those routes.

Work Plan Comparison

1:1 comparison, determined when Work Plan and budget are approved
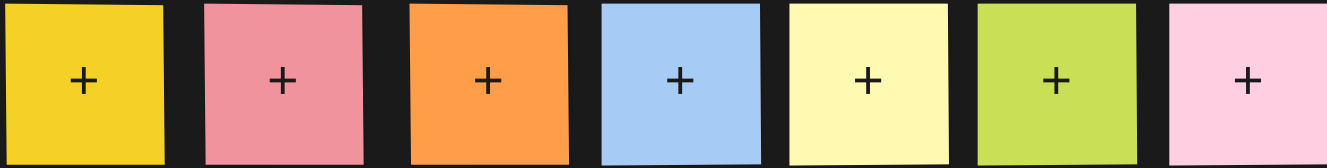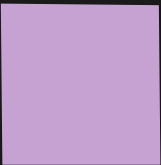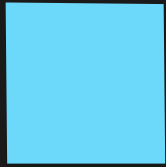
Other Comments, Feedback, Notes

Our Agency's Baseline

Agency:

Cary

Interview Date:

11/27/2023

Definition

Have been consistent since start. Calculated revenue hours and deadhead hours by route, that is our baseline. Both are included because turnkey contract pays by the minute for both. Baseline number established by Wake Transit was based on 2016 NTD revenue hours, was incorrect for Cary. Number was higher, so each year, we are consistently closer to the baseline number because it was incorrect to start with. There's an understanding that the number is incorrect but it's never been resolved.

Opportunities for clarification:

Some misunderstanding about what is used for baseline. Reporting both revenue hours and cost. There is some assumption that it's just looking at cost - contributing a certain amount of money each year, but it seems there is less emphasis on hours, but also reported for several years and there wasn't much discussion until COVID resulted in significant changes in service.

Challenges

How are decisions being made when reducing service?

Is it just hours? Also need to tie it to the scope - not just totals, but doing what you say you are going to (extra trips, etc). Baseline numbers are never exact year to year (holidays, weather, etc), was never considered in calculation.

Not clear what the requirements are for baseline documentation. We get the spreadsheet, but no standards for supporting documentation or how it's being used. Form is for documentation purposes, but doesn't seem to be used.

Participants:

Kelly Blazey
Christine Sondej

Work Planning Process

Determining Costs

Pretty straightforward. Specific routes are 100% funded by Wake Transit, all Sunday service, some mid-day expansion (hours allocated to WTP). Pretty simple process.

Procedures

Detailed Excel used to determine

Turnkey contract - know cost per hour for that. Estimate fuels, etc. Are able to come up with clear cost per hour, just break out WTP-funded hours vs. scheduled hours based on pre-WTP

Same process for planning and reporting, except reporting is based on actuals (factors in things like inclement weather days)

Documentation

Workplan form - hours to be reimbursed and hourly rate.

Funding model is not always accurate - check and submit the number as it should be

Working well, but it's all internal processes and procedures. No overarching process

What are they asking for and why? Revenue service on the ground won't match what is submitted for reimbursement - paying deadhead time. Just looking at scope of service provided. What is actual definition of baseline?
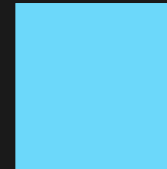
Roles & Responsibilities

Role	Name / Title
Determining Service Expansions	It depends. if part of Wake Transit Bus plan, follows that. If locally funded, it would fall on the Town Manager - Sean Stegall and Council to approve.
Preparing Reimbursements	Christine Sondej
Reviewing Reimbursements	Kelly Blazey, then Financial Operations Analyst reviews and then signed off by Finance Director - Kim Branch

Tracking & Managing Baseline Revenue

How Baseline is Tracked

Process Improvements Needed

Depends on what the end goal is. Are we trying to look at levels of service/housing people? Cost is good to look at - not clearly comparable.

Effective Practices

Challenges

No overarching process

There are so many different metrics and different purposes it is not clear

Clarifications
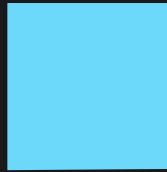
Reimbursements

Identifying Expenses

They know what service is Wake Transit - Sunday service, etc. Specific project codes - allocated as they pay invoices. Know actual hours, easily pulled from scheduling software. For routes that are partially funded, look at hours pre- WTP vs. current schedule.

Work Plan Comparison

If there are future changes, would look back at any changes in revenue hours based on what they had before.

Fuel expenses allocated based on mileage
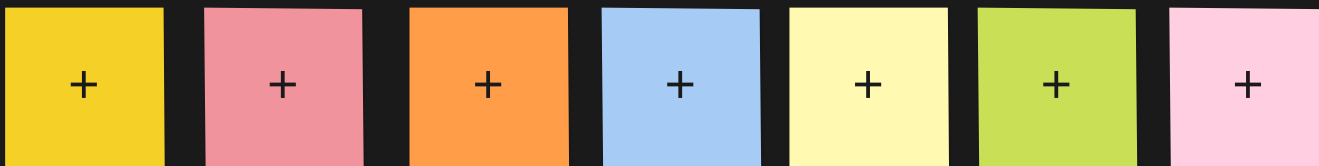
Other Comments, Feedback, Notes

Top Suggestions for Improvement
1. Need to have a process. Don't have one. May be helpful to have more neutrality in the process, maybe Wake County has a role

Implementation: Would need to go through TJCOG, need recommendations on process. Local agency assigned for monitoring. Outside agencies, all have different roles and ways of doing things, but has to work for each. Understanding goals is really important. Getting to the core of the process is important. County is needed on what the supplement reporting means. Hours, case, role etc.

Changes to template year to year, don't know how it's being us

Our Agency's Baseline

Agency:

CAMPO

Interview Date:

11/28/2023

Definition

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WTP started. The intent of the law (that allowed them to pass the tax) was that the money needed to be used to expand transit service, NOT supplant existing service. THAT IS THE LAW – you must spend at least as much as you were spending at baseline in order to use the WTP funding. They put together a table with this dollar amounts
What has "gotten lost" has been more around baseline Revenue
Came to an agreement to consider service hours (that seemed clear at the time)

Opportunities for clarification:

→

Didn't fully account / anticipate rising costs
Services have changed to microtransit, service hour expansions, things like that.
There was not an established way to incorporate and measure how to establish baseline service
complexity of switching services from 1 provider to another (e.g. Garner - GoTriangle to GoRaleigh)
Knightdale route changed significantly.
What to do when routes change providers
What happens with things like BRT
What makes something count (or not) towards baseline revenue hours
The law is just about dollar amounts. CAMPO is saying that you still need to be giving the same amount of service (hours) in order to use WTP funds

Participants:

→

Work Plan Review

Determining Costs

Looked at through the bus plan. As WTP services have gone up ADA costs have gone up. Work plan is meant to implement the bus plan

Procedures

don't have procedures for that. The best place for that would be through the bus plan, and then having some secondary check during the funding request process

Documentation

Through November, they go through funding request process. STandardized form that each provider fills out it is expanded service.

This could have a chart to show what service hours are in the base plan and what service hours are shown in the expansion

Roles & Responsibilities

Role	Name / Title
Reviewing work plans	
Reviewing Reimbursements	

Reimbursement Review

Review Process

Process Improvements Needed

Effective Practices

Challenges and Past Resolutions

Clarifications
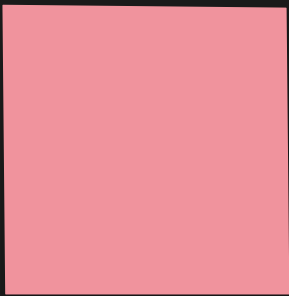
Review Needs
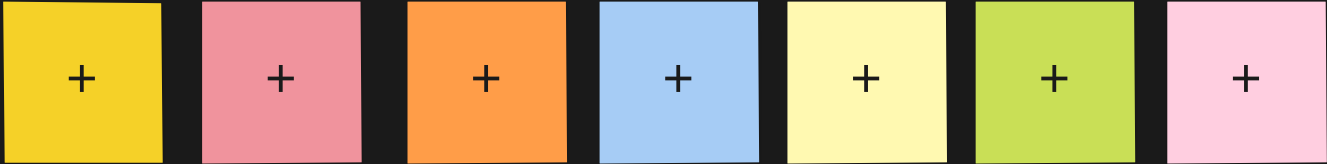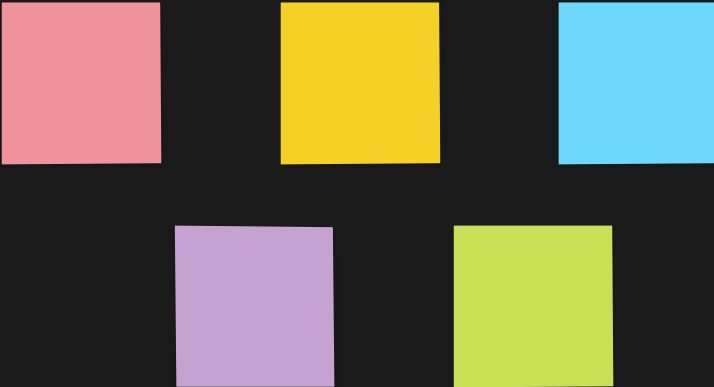
Other Comments, Feedback, Notes

Have there been calls from TPAC for auditing this process?
Sort of, which is where the Jan 22 memo came from.
The only agencies doing the reimbursement review are CAMPO and GoTriangle

Our Agency's Baseline

Agency:

GoTriangle Service Planning

Interview Date:

12/7/23

Definition

Based on total expenses incurred in 2016. Considerations for revenue hours, but primary is money by line item prior to FY 2017.
Revenue hour figure attributable to baseline by service day, and attributable to each county transit plan. Many routes are allocated across numerous funding sources,
Very messy when we look at updates to bus plans. Baseline, what was previously funded by transit plan, net new

Opportunities
for clarification:

What happens when we determine that a baseline route is no longer the best use of resources? What happens to the baseline hours? Leads to sub-optimal planning decisions because you don't want to supplant or owe money back. e.g. Route KRX and Route 21 transitioned away from GoTriangle and there's a deduction for GoTriangle no longer running those services, even though total service hours have increased. Route-by-route determination penalizes GoTriangle even though those services are still running

Challenges

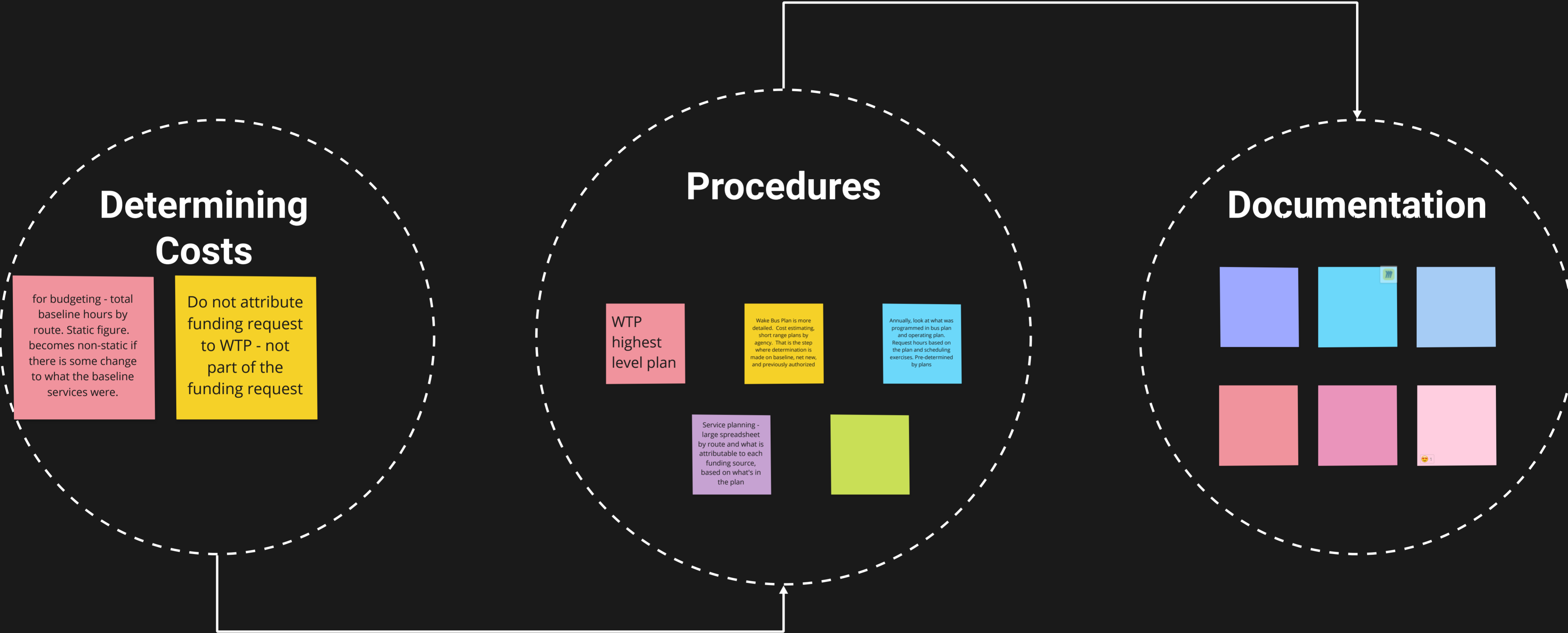Factoring out costs to multiple funding sources and plans. Much more complicated to look at revenue hour by day type than funding. Multiple baseline years associated with plans. Revenue hours vs platform hours about 25-30% increase if looking at platform hours

Participants:

Jay Helkes
Meg Scully
Jennifer Hayden
Michelle Peele

Work Planning Process

Determining Costs

for budgeting - total baseline hours by route. Static figure. becomes non-static if there is some change to what the baseline services were.

Do not attribute funding request to WTP - not part of the funding request

Procedures

WTP highest level plan

Wake Bus Plan is more detailed. Cost estimating, short range plans by agency. That is the step where determination is made on baseline, net new, and previously authorized

Annually, look at what was programmed in bus plan and operating plan. Request hours based on the plan and scheduling exercises. Pre-determined by plans

Service planning - large spreadsheet by route and what is attributable to each funding source, based on what's in the plan

Documentation

Focus on individual systems doesn't necessarily look at the big regional picture

Baseline can be limiting, locking agencies into what they deliver
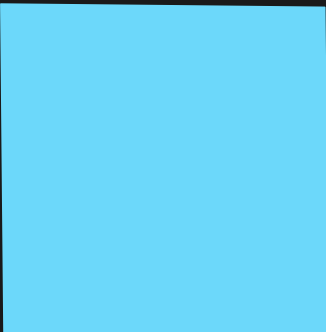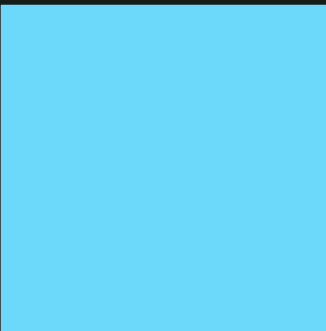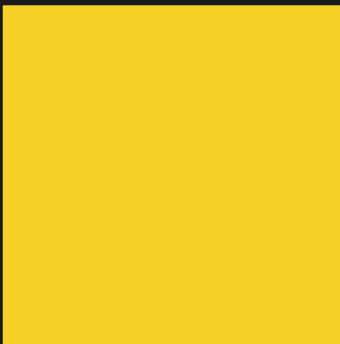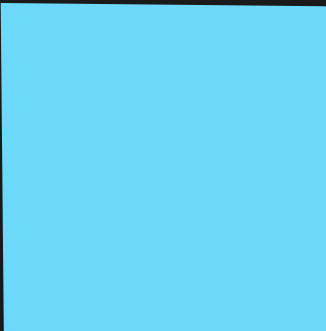
Roles & Responsibilities

Role	Name / Title
Determining Service Expansions	
Preparing Reimbursements	
Reviewing Reimbursements	

Tracking & Managing Baseline Revenue

How Baseline is Tracked

- Negative figure based on the services GoTriangle used to run.
- Existing routes tracked by spreadsheet
- If a route is realigned, it can affect the baseline numbers. Is it supplanting because it's now more efficient, or has the baseline dropped?

Process Improvements Needed

- Needs to be simple
- Difficult to tell if what an agency is proposing is supplantation; each agency has their own data
- Responsive - need to be able to adapt to changing circumstances and challenges, changing travel patterns, changing mode

Effective Practices

- Increased complexity in Wake vs other counties. Looking at dollars is simple and straightforward

Challenges

- Costs increasing
- Route changes
- Effectively spreading funds out for most effective service for county
- Rising issue: transit plan as sole source for new service; creates imbalanced outcomes

Clarifications

Reimbursements

Identifying Expenses

Each partner collects the expenses they had for Wake transportation that was budgeted in work plan

Worksheet with specific line items budgeted capital and operating

Enter actual expenses, CFO signs off, review includes capital development to make sure it matches.

GoTriangle sends to CAMPO for review. All include a worksheet developed at the beginning, Fill out each quarter. Budgetd cost per hour, used first 3 quarters

In final quarter, cost is trued up. cost per hour is actual cost divided by service hours, true it up and reimbursed back

Work Plan Comparison

Budget transfer needed to cover expenses related to increased cost
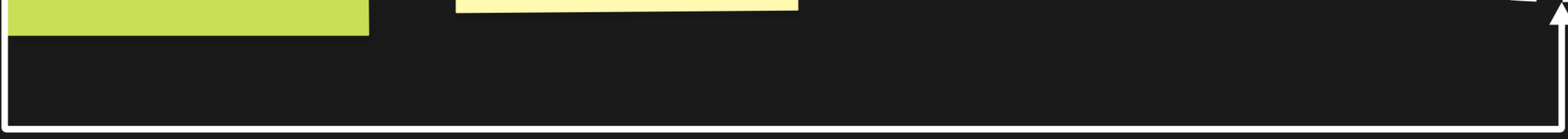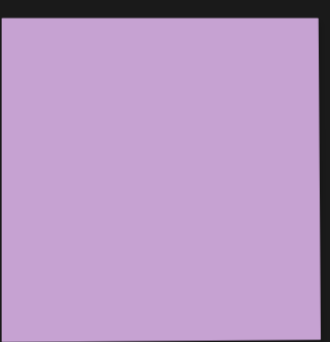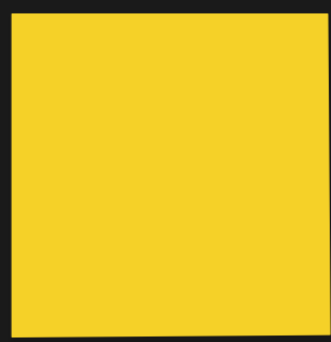
Other Comments, Feedback, Notes

Consider difference between systems that were robust and those that were small and growing; Difference in relative percent growth

Route by route accounting of what services were. Doesn't work if you look at route-based, since cost keeps going

No documentation, specificity. Can change too easily. Change from cost to revenue hours came abruptly without documentation

During COVID confusion came up. Spent more, but revenue hours were less. Did not change cost, but the process changed prior to that. Discussion raised that cost and hours had to be more than baseline. When established, it was just cost. Issue was raised by Brett Martin, prior Wake program manager

Will share document outlining approach

Improvement ideas. Increased cost of existing service funding source - exists in other counties. Percent of tax based on local contribution. Would be helpful to have percent of rental fee support increased cost of service.