MEMORANDUM

To: **Ben Howell, Wake Transit Program Manager, CAMPO**

From: **Alpesh Patel, Cambridge Systematics; Ann Steedly, Planning Communities**

Date: June 24, 2024

Subject: **CFA PMP Update Memo**

A management plan update for the Community Funding Area Program was conducted in tandem with the 2035 Wake Transit Plan Update. This memo contains additional findings and recommendations for consideration to grow and strengthen the program in the future. The recommendations represent a mix of actions across different topics – some are included in the PMP, but most are not. Most will require increased internal coordination and process updates within CAMPO, while others are nuanced and require further careful consideration. Together this memorandum and the 2024 CFA PMP Update serve as a blueprint to guide the continued implementation of the overall program.

Funding

- **50% Match Requirement** (not addressed in PMP): Feedback from stakeholders indicated that the 50% matching funds requirement can be challenging, particularly for smaller towns. One suggestion was to include a scaled match requirement, reducing the requirement for local match based on a town's ability to pay (or other criteria). This could help support geographic equity and ensure all communities can benefit from the CFAP. A change to the matching requirement is not included in the current PMP update, but policy changes and refinements can be discussed in future updates.

- **Increase Funding for CFAP Programming** (not addressed in PMP): The original PMP (adopted in 2018) included funding recommendations through FY27. The current PMP update will include recommendations through FY35 to match the WTP update. The team developed three funding scenarios for discussion purposes: Capped Growth, Grow & Maintain, and Augmented. Each of these scenarios begins with the same programmed value for FY24. The Capped Growth scenario shows a straight-line year-over-year (YOY) 2.5% growth, in line with the existing programmed values. The Grow & Maintain and Augmented scenarios reflect the need to fund new projects, while supporting ongoing operating costs for existing projects. They reflect the reality that any newly funded operating projects will also increase the annual amount for ongoing operating funds in future years.

- The **Capped Growth** scenario includes a starting value of $1.64 million in FY25, of which $382k is for new projects and the remaining covers the operating costs of existing projects. This scenario assumes that two new operating projects are funded within the 11-year period from FY25-35, in FY25 and FY31. The new operating projects are programmed at $250k (in FY25$). In the year following award of the new operating project, the cost of the project is absorbed as an additional operating expense. As funding is only increasing YOY by 2.5%, by FY31, additional funding must be added to the program to cover the cost of the second operating project – the program grows by 9.8% in that single year and then continues to grow at a 2.5% rate from that point forward. By FY32, all of the available funding is consumed by existing operating expenses, and no new projects can be funded. The final FY35 annual value is **$2.25 million**. If this were programmed in a straight-line fashion, incorporating the additional program growth in FY31, it would equate to just over **3% annual growth**.

- The **Grow & Maintain** scenario assumes a steady value for new projects annually, growing from $350k in FY25 at a 2.5% rate. This funding is assumed to support a mix of new projects. This scenario assumes one new project every three years, funding four new operating projects within the 11-year timeframe. These are illustrative timeframes, intended to demonstrate the impact of new operating projects. The actual timing of any new operating project awards will depend on what the communities request. As in the Capped Growth scenario, new operating projects are programmed at $250k (in FY25$) as part of the "new project award" funding in that year. In the year following the award, the ongoing operating costs grow to incorporate the new project's cost, maintaining a consistent value for the new project award category. The final FY35 annual value is **$3.34 million**. Although this is shown as a "step up" to the program in FY26, 29, 32 and 35, this funding stream could ultimately be programmed in a straight-line fashion, which would equate to about **an 8% annual growth**.

- The **Augmented** scenario assumes new operating projects in the same years as the Grow & Maintain scenario and also assumes a steady value for new projects. The total new project funding starts at a higher value of $600k in FY25, which incorporates a cost for the new operating projects ($400k in FY25$). This cost is in line with the average annual cost of the three existing operating services at $420k. The balance of new project funding would be available to support new plans and capital investments. Ongoing operating costs again grow in the year after the new operating project is funded. The Augmented scenario also incorporates a higher background inflation rate of 4.5% YOY instead of 2.5%, which is more in line with recent CPI growth. Annual program costs grow much more quickly in this scenario, to a total value of **$5.38 million in FY35**. If the stepwise growth were converted to a straight-line value, it would equate to just over **11% annual growth**.

- **Inflation has Significantly Increased Costs for Labor and Materials** (not addressed in PMP): The team also reviewed background inflation to evaluate an appropriate value to integrate in the future funding recommendation. We recognize that inflation has significantly driven up costs for materials and labor over the past four years, requiring more funding to deliver the same number and type of projects. This also came up in the stakeholder interviews, where a few participants mentioned it is becoming increasingly difficult to provide the same level of service with the existing budget.

  - All project types are impacted by background inflation, which grew YOY by 8.3% between April 2021 and April 2022. More recently, the Consumer Price Index (CPI) grew YOY by 3.4% for the 12 months ending April 2024. Cost growth is typically planned at 2.5% YOY.

  - Additionally, wages and salaries increased at a higher pace over the last year than the CPI, growing 5% for the year ending March 2023 and 4.4% for the year ending in March 2024. Benefit costs saw similar trends.

  - Since labor costs comprise the bulk of public transit operating costs (estimated at 60-70% on average, and sometimes over 80%[1]), this wage growth will affect operating projects to a significant degree. Additionally, recent documentation on transit agency worker shortages indicates that 92% of agencies were struggling to hire new employees, two-thirds were having difficulty with employee retention and a significant share had increased wages (52%) and/or implemented signing bonuses (39%) in response.[2]

  - The cost for construction materials has also increased significantly. According to the Federal Reserve Bank of St. Louis, cost of materials is approximately 40% higher today than it was in 2020.[3] This could have an enormous impact on capital improvement projects in Wake County.

  - Given these trends, it is likely that the cost to deliver public transit service and capital construction projects will continue to grow, year over year, at higher than the historic 2.5% inflation rate. To support the number of operating and capital projects originally intended in the Wake Transit Plan, a 3.5%-5% growth rate in available funding (or more) may be more necessary. This will

---

[1] Two sources: analysis of the 2022 NTD data by type (63% on average) and article: Basics: Operating Cost (02box) — Human Transit.

[2] APTA SURVEY BRIEF Workforce Shortages (03.10.2022).

[3] https://fred.stlouisfed.org/series/WPUSI012011

depend on the local market conditions and the type of project being requested, and the funding level should continue to be evaluated and adjusted as needed for future CPI trends.

- Although the Augmented scenario provides the most conservative scenario, incorporating contingency for a higher inflation and larger projects, it is likely to require that a larger share of the overall tax revenue resources be dedicated to funding projects in a lower density, less transit-supportive environment. In establishing a final funding recommendation for the CFAP, an appropriate balance must be struck, with respect to the overall revenue projection.

Eligibility

- **Staffing Costs** (addressed in PMP): Added clarifying language that costs for internal staffing are only eligible if they are associated with directly operating new transit service or providing planning/technical assistance support for a specific effort. This is addressed in Chapter 4 (Eligibility) under Eligible Project Types. It is also addressed in Chapter 5 under Scope of Work, Planning Studies/Technical Assistance.

- **Adding Unincorporated Wake County to CFAP Communities** (not addressed in PMP): Unincorporated Wake County currently pays into the sales tax revenue stream for the WTP and the CFAP but is not a beneficiary of the funds. This change would allow unincorporated Wake County to request funding for new transit projects to serve its residents.

- **Expanding Eligibility to Include Other Types of Projects** (not addressed in PMP): Consider expanding eligibility of operating projects to include other types of services such as vouchers for rides, commute planning and other commuter services that will enhance choice/ transportation options and provide first/last mile connections. While these types of services are not currently covered under the existing eligibility criteria, stakeholders have voiced a desire to add additional services to complement existing transit lines. Opportunities to make sure of the existing TDM program for these activities could also be explored and shared with CFAP communities.

Application Process and Guidelines

- **Streamline CFAP Application** (not addressed in PMP): Simplified grant application templates (by project type) could help focus the effort for project sponsors and limit the review time for selection committee members.
    - An adobe form (or similar) could help ensure consistency in the type of information provided by each project sponsor, including that sponsors provide the same type of information for each project.

  - Character limits on each area could help streamline review effort and ensure a similar level of detail is provided by different project sponsors.
  - Additional attachments could be allowed where needed for maps, financial plans, and other information.
  - A template approach could help create fields that could be automatically extracted and incorporated into spreadsheets or databases. This could be used for tracking overtime, including relative to performance metrics (see below).

- **Joint Applications with Cary, Raleigh, and Wake County** (not addressed in PMP): Consider allowing CFA communities to partner with the non-CFA community members for project funding to encourage planned connections to WTP projects.
  - Funding projects with non-CFA communities takes money away from the rest of the CFA communities, so ensuring there are measures to prevent funding from supplanting other projects is key.
  - One option is to create a specific joint application for WTP/CFAP projects that combines funding from both WTP and CFA.

- **Additional CAMPO Staff for CFAP** (not addressed in PMP): As provided for in the original PMP, staffing resources for the CFAP should be reviewed when the number of projects increases to between six and eight projects. The existing 0.5 FTE CFAP Administrator was anticipated to manage 4-5 active project annually. There are currently three existing operating projects, and an additional operating project will be funded in FY25. Overall, twenty (20) projects have been funded through FY25, and although some are complete, additional staff should be considered to keep up with project tracking and program administration.
  - Administration costs are currently 10% of the total program for Wake Transit and could be similarly scaled for CFAP. The total allocated funding in FY24 was $1.9 million, which would result in a $190,000 budget. This would be adequate to fund at least one full FTE (including benefits).
  - Tying the administrative costs as a percentage of program size could help right-size the staffing to the overall program over time.
  - The percentage share could be reduced if/when investments are made for administrative efficiencies (e.g., to help with data collection and analysis).
  - This will reduce the amount of funding available for projects, but it would help ensure that project funds are well spent, and projects have necessary technical support.

- **Streamline Small Adjustments** (not addressed in PMP): Project sponsors indicated that it would be helpful to provide an opportunity for existing operating (or operating/capital) projects to request modifications to the project without going through the full application process. This could encourage and incentivize adaptation of existing projects to make them more successful, while streamlining review efforts for CAMPO and application efforts for sponsors.
  - Information gathered from tracking customer feedback or other metrics could inform a modification to the route, the span or frequency of service, or the addition of new stops.
  - Rather than going through the full application process, a streamlined approach could help incrementally improve projects, bolstering their success.
  - Provided that the project sponsor is current with reporting requirements, the reduced application could be limited to include a project description, justification, forecasting and documentation of readiness. It could focus on the specific scope change, the rationale (metrics) that led to the modification and the incremental cost. A simplified scoring rubric would also be needed.
  - In these cases, the geographic parity should not necessarily be counted against the adjustment project, but the overall allocation to specific communities should still be considered (along with any modifications adopted as part of the scoring rubric recommendations).

Prioritization and Award

- **Map Scoring to LAPP** (addressed in PMP): The team analyzed the scoring criteria and mapped it to the Locally Administered Projects Program's (LAPP) scoring criteria. CAMPO agreed that the CFAP scoring criteria should not closely mirror the LAPP, because the LAPP is more intensive and only covers capital projects. The two recommendations borrowed from the LAPP included in the PMP update are:
  - A new "Geographic Balance" scoring style, which is based upon per capita spending over five years for each community.
  - A "Project Mix Target" policy, which is based upon the LAPP's Modal Mix Target policy. The new Project Mix Target policy aims to allow more flexibility year over year for dollars to go between Planning/Technical Assistance and Capital/Operations Projects, ensuring that the CFAP communities are receiving enough funding for planning (which accounts for less than 5% of the CFAP funds in most years). The $50k cap on funding for Planning/Technical Support projects has been removed, providing flexibility for funds to be shifted between project categories based on need and modal mix.

- **Prioritize Capital/Operating Projects with Existing Plans** (not addressed in PMP): Although geographic parity continues to be an area of focus, communities that have recently completed a CFAP-funded plan could receive a modest score bump for the resulting project. This would help ensure that plans are utilized to deliver projects and that too much time does not elapse between planning and implementation efforts.

- **Standardize Ridership Estimation Process** (not addressed in PMP): The scoring criteria for Operating and Capital Projects has a measure for "Operating and Capital Cost per Boarding," which requires applicants to estimate the ridership and cost of the proposed transit service. Due to the varying options to estimate ridership (i.e. models and formulas), we recommend the CAMPO team creates a standardized formula for all applicants to use based upon population density, service demand, and service characteristics like frequency (fixed route, microtransit, etc.) that ultimately serves as the foundation to track the recommended ridership metric (see Performance Metrics below). The standardized estimate could be managed by CAMPO staff to ensure consistency across project applications, or it could be submitted by each applicant. Any new standardized ridership estimation process will need to be vetted thoroughly with a technical team for consistency of approach with CAMPO's Regional Travel Demand Model, the MTP, and any other related work.

Performance Metrics

The goal for the performance metrics analysis was to confirm that industry standard metrics were being used for operating projects, adjust these metrics as needed, and review the suitability of the existing targets, or suggest new targets, if appropriate. The overall assessment of the operating performance metrics affirmed that they are indeed industry standard and are also well-aligned with the Wake Transit Plan (WTP) Bus Service Guidelines and Performance Measures (2024 update).

In the process of analysis, the team identified **one new metric** to add, two metrics to continue tracking but not emphasize for continued funding considerations, and several new policy and process approaches to consider either in this PMP update or for a future update. These are listed below.

- **Add Ridership Metric** (addressed in PMP): The team recommends adding a total ridership metric, tracked against the initial estimates. This would be added for information only and would not be used to evaluate project efficacy.
    - At a minimum, ridership should be shown as total by month (for the individual operating project) on a quarterly basis. Ideally, the ridership can be further parsed to show average ridership by time of day (early morning, AM peak, midday, PM peak, evening, and night) and day of week (weekday, Saturday, Sunday, holiday).

  - This ridership metric provides important context for the productivity metrics. The two productivity metrics (passengers/revenue vehicle hour and operating cost/passenger) are important scaled metrics, but do not offer sufficient context about how many people are benefiting from the service.

  - Tracking against the original ridership estimates helps affirm whether the selected operating project is meeting its original goals and how it is growing over time.

  - The ridership analysis can help CAMPO determine whether project sponsors are effectively estimating ridership on the front end, and whether additional standardization in methodology would be warranted.

- **Track On-Time Metric for Information** (addressed in PMP): Consistent with the WTP, the On-Time metric should be tracked, where possible, but should not be used for evaluating continuation of pilot. It can help identify specific issues or trends and identify where opportunities to improve service delivery or street infrastructure (i.e., bus priority for fixed routes) to improve the project.

  - For fixed-route transit, collecting on-time performance requires access to GPS real-time data to evaluate arrival times relative to scheduled times at time-points along a given route. The kick-off meeting should be used to determine whether the project sponsor has a plan to collect and analyze this data. If they do not, CAMPO can offer technical support (where feasible). If it is determined that the relative effort to collect and analyze this information is not within the sponsor's capacity, this should be clearly documented in the meeting notes.

  - For demand-response service, on-time performance can be tracked based on original planned time for pick up and drop off, relative to actuals. This data should be available from dispatch software or provided as a data/reporting requirement for third party vendors.

- **Track Customer Satisfaction Metric for Information-Only** (partially addressed in PMP): The Customer Satisfaction metric can provide valuable information for the project sponsor to review overall trends, specific areas of concern, and potential service adaptations, particularly as the project moves through the pilot and development phases.

  - The original PMP assumed that sponsors could coordinate with the annual Wake Transit Customer Survey to incorporate survey questions and sampling on their projects. While this would be a cost-effective approach, the process to engage CFAP project sponsors has not been fully developed yet. None of the CFAP projects have reported customer satisfaction measures to date

CAMPO may be able to provide bridge to the Wake Transit survey efforts for CFAP project sponsors.

- CAMPO may also be able to set aside funding from the CFAP to support a survey effort specifically for the CFAP communities. CAMPO could contract with survey consultants and oversee the work on behalf of the project sponsors. CAMPO or the survey consultant can work with the municipalities involved to develop survey questions and sampling plans that reflect the services included. Where riders have registered accounts and provided email addresses, the survey can be emailed to specific riders, based on a sampling plan across routes and communities. To minimize bias in the survey, the effort should also include on-board surveying. Both for email and on-board surveys, the sampling plan should "over-sample" areas with higher ridership and historically lower response rates, which is an important equity consideration. These CFAP-specific survey efforts would fall under the "technical support" category of the CFAP program and could be done every two, three or four years, depending upon available funding and program goals.

- As a more cost-effective approach, CAMPO or project sponsors could also develop surveys in-house and make them available online, with a link published publicly and advertised via QR code to bus riders (in advertising space or via flyers). This approach cannot prevent riders from taking the survey multiple times (i.e., no unique link is provided) but would still provide valuable input in targeting service adjustments or identifying trends or discrete issues. This approach could also be used for more informal surveying between larger survey efforts.

- **Flex-Route Targets aligned with Demand-Response Targets** (addressed in PMP): In the original PMP, the targets for fixed-route service were also used for flex-route or microtransit services. The Wake Bus Plan Service Guidelines and Performance Measures report includes metrics for microtransit services that are more aligned with the demand-response targets for passenger boardings and operating costs. In a similar fashion, the updated CFA PMP adjusts the targets for the flex-route/microtransit service to match the demand-response targets. In a future PMP update, separate flex-route and demand-response targets could be developed, reflecting additional years of data.

- **Add Extension Process for Operating Projects Not Meeting Targets** (addressed in PMP): Given the continued impact of the pandemic on transit ridership nationally, operating projects may be slower than originally anticipated to meet ridership and productivity goals. Projects can be assessed against several key criteria to determine whether (1) a longer horizon is needed to meet targets or (2) revised targets should be established.

- The WTP Service Guidelines and Performance Measures specifically references an equity metric being used to adjust targets.
- Similarly, CFAP communities can evaluate whether the project is serving "communities of concern" as identified in CAMPO long range plan (relative to trips made or stops available in areas with relevant population demographics). This could be used to adjust targets permanently or provide a longer time-horizon for attaining the target.
- Network connections are also important reasons to maintain a route that may be considered "under-performing." Routes that create important network connections (i.e., stops align with other services, deliver riders to commuter rail, etc.) or that serve key job centers or points of interest (such as a medical center) could also be evaluated for permanent target adjustments or longer-term horizons for attaining the target.
- Additional extenuating circumstances can also be considered, including the impact of the pandemic on ridership and recovery.
- Agreements on the revised targets or the extension timeframe should be documented and could be appended to project agreements (with or without a formal amendment), along with the rationale.

- **Create Flexibility Around the Meeting Requirements** (addressed in PMP): Given the growing number of projects, and the need to consider process efficiencies, the frequency of meetings needs to be considered, particularly for projects that are compliant with reporting.
    - Annual meetings would continue to be held approximately 12 months following the execution of Project Agreements and then annually thereafter. These meetings could be waived by CAMPO if the project sponsors have met reporting requirements and there are no project deficiencies that require discussion. If CAMPO waives an annual meeting requirement, project sponsors can still request the meeting be held and CAMPO should aim to meet this request.
    - Overall, this reduction in time burden could allow CAMPO staff to focus their efforts on overall data analysis and supporting project sponsors that need additional technical support.
- **Develop a Process for Projects to Graduate from CFAP to WTP** (not addressed in PMP): Several CFA project areas have more density, larger populations and more transit-supportive land uses, creating the potential for stronger transit ridership and more cost-effective services. For example, the market study identifies the Town of

Apex as one of largest and fastest-growing communities in Wake County, and a potential hub for regional transit services. In the future, transit services here or in places like Garner (which has a strong job center and planned BRT access) or Morrisville (which has the highest ridership of the three funded CFAP services), could potentially reach Wake Transit service targets and "graduate" from the CFA program to the larger revenue stream. If the Wake Transit Program provided a larger share of funding for the services, this could create a strong incentive to graduate. This process requires additional discussion, including how this would impact resources available in the WTP. However, it could help make additional resources available for new CFAP projects, without having to grow the program as extensively.

- **Streamline Data Collection for Performance Metrics** (not addressed in PMP): Creating a template for quarterly reporting could help support streamlined analysis and reduce the paperwork burden on project sponsors. This relates to the recommendation for an application template.
    - A quarterly report template could be provided to project sponsors in an adobe form (or similar) for extraction into a spreadsheet or database, or as a spreadsheet or direct entry into a database front end (such as an ArcGIS app).
    - This would allow for more automated reporting and tracking of metrics, reducing the burden on CFAP staff, which is particularly important given the growing number of projects.
    - Year-over-year comparisons of ridership, productivity and other metrics would provide a better story about the individual projects. Comparisons between projects may provide useful insights about project success relative to certain demographic characteristics (such as population, employment, age, zero-car households, or other factors).
    - Together with a new template for the application, this could also help support direct tracking against original project estimates.