



Gila County Transit Governance Study

Prepared for:
Central Arizona Governments in partnership with
Gila County

August 2021



TABLE OF CONTENTS

1. INTRODUCTION..... 1

 1.1 Study Purpose..... 1

 1.2 Study Area..... 2

 1.3 Study Process 4

2. EXISTING CONDITIONS REVIEW SUMMARY 6

 2.1 Population and Commute Conditions..... 6

 2.2 Current Transit Services and governance structure 6

3. GOVERNANCE PEER AGENCY REVIEW 9

 3.1 Selection of Peer Agencies..... 9

 3.2 Summary of Peer Agency Review 10

 3.3 Key Takeaways and Lessons Learned 14

4. ASSESSMENT OF GOVERNANCE MODEL STRUCTURE 15

 4.1 Governance Model Options 15

 4.2 Findings from Stakeholder Workshop 1 17

 4.3 Consolidation of Selected Transit Operations 18

 4.4 Identification of the Appropriate Regional Host Entity 18

5. GOVERNANCE MODEL RECOMMENDATIONS..... 19

 5.1 Alternative 1: IPTA Exploratory Committee..... 19

 5.2 Alternative 2: Interim County-Wide Transit Operator..... 20

6. GOVERNANCE IMPLEMENTATION PLAN 26

 6.1 Alternative 1: IPTA Exploratory Committee..... 26

 6.2 Alternative 2: Interim County-Wide Operator 27

7. TITLE VI IMPLEMENTATION ACTIVITIES 31

 7.1 CAG’s Title VI Notice to the Public..... 31

 7.2 Study Webpage..... 34

APPENDIX 1. TWG ONLINE SURVEY RESULTS..... 35

APPENDIX 2. RECOMMENDED IMPLEMENTATION PLANS 36

 Alternative 1: IPTA Exploratory Committee 36

 Alternative 2: Interim County-Wide Transit Operator 37

APPENDIX 3. FINANCIAL IMPACT ANALYSIS..... 39

 Funding 39

 Costs..... 40



List of Figures

Figure 1: Study Area3
 Figure 2: Study Process4
 Figure 3: Operators of Beeline Bus and Copper Mountain Transit in Three Recommended Phases.....20
 Figure 4: Proposed Organizational Chart for the Near-Term23
 Figure 5: Proposed Organizational Chart for the Mid-Term24
 Figure 6: Composition of Current Transit Operating Costs (Beeline Bus & Copper Mountain Transit Combined)40

List of Tables

Table 1: Summary of Current Gila County Transit Operators7
 Table 2: Overview of Peer Agencies 11
 Table 3: Summary of Peer Agency Review 12
 Table 4: TWG Meetings – Attendees List32
 Table 5: Stakeholder Workshops – Attendees List33
 Table 6: Recommended Implementation Plan for Forming an IPTA (Alternative 1).....36
 Table 7: Recommended Implementation Plan for Near-Term Changes (Alternative 2).....37
 Table 8: Change in Annual Transit Operating Costs (Beeline Bus and Copper Mountain Transit Combined) Compared to the Status Quo41
 Table 9: Near-Term Indirect Cost Allocation (in 2019 dollars)46
 Table 10: Mid-Term Indirect Cost Allocation (in 2019 dollars)46



1. INTRODUCTION

The Central Arizona Governments (CAG), established in 1975 by Executive Order 70-2, is one of Arizona's six regional planning districts created to aid a more cohesive region of similar interests and enhance the lifestyles of its residents. CAG is tasked with providing effective regional planning services to Gila and Pinal Counties, the incorporated cities and towns within, as well as the Native American Tribes within the region and therefore, the impacts of CAG policy and resources affect a wide variety of these communities.

The *Gila County Transit Governance Study* was initiated by CAG to develop an institutional structure that will improve public transportation coordination and connectivity within Gila County. The goal of this study is to provide a comprehensive guide to enhance transit services and design investment strategies that make best use of available federal, state, regional, and local funding. A well-defined organizational structure and investment strategy will maximize available resources and improve mobility and access to jobs, healthcare, and shopping within the county.

1.1 STUDY PURPOSE

In 2018, CAG completed the *Greater Gila County Transit Feasibility and Implementation Study* to develop a cohesive vision and approach to improve the quality of life for Gila County area residents by providing transit services. The implementation portion of the study made a recommendation to create a Regional Transit Coordination Council to serve as a central contact to help guide local and regional travel throughout Gila County. CAG initiated this study with the primary goal of evaluating transit governance models and create a blueprint to guide the governance, management, and implementation of public transportation services in Gila County. By improving coordination between providers and pooling resources, it could result in greater coverage to the area users, better service frequency, service reliability, improved ridership, and lower operating costs.

Core study objectives include:

- Use previous studies as a foundation to examine existing services and assess future needs for effective regional planning and coordination.
- Analyze how existing and future public transportation service providers can coordinate and collaborate on service delivery.
- Evaluate a variety of governance and management strategies, including their funding and costs impacts.
- Establish one cohesive vision among the different agencies, tribal governments, cities, and towns on how the region should collaborate, govern, structure, and oversee public transportation.



1.2 STUDY AREA

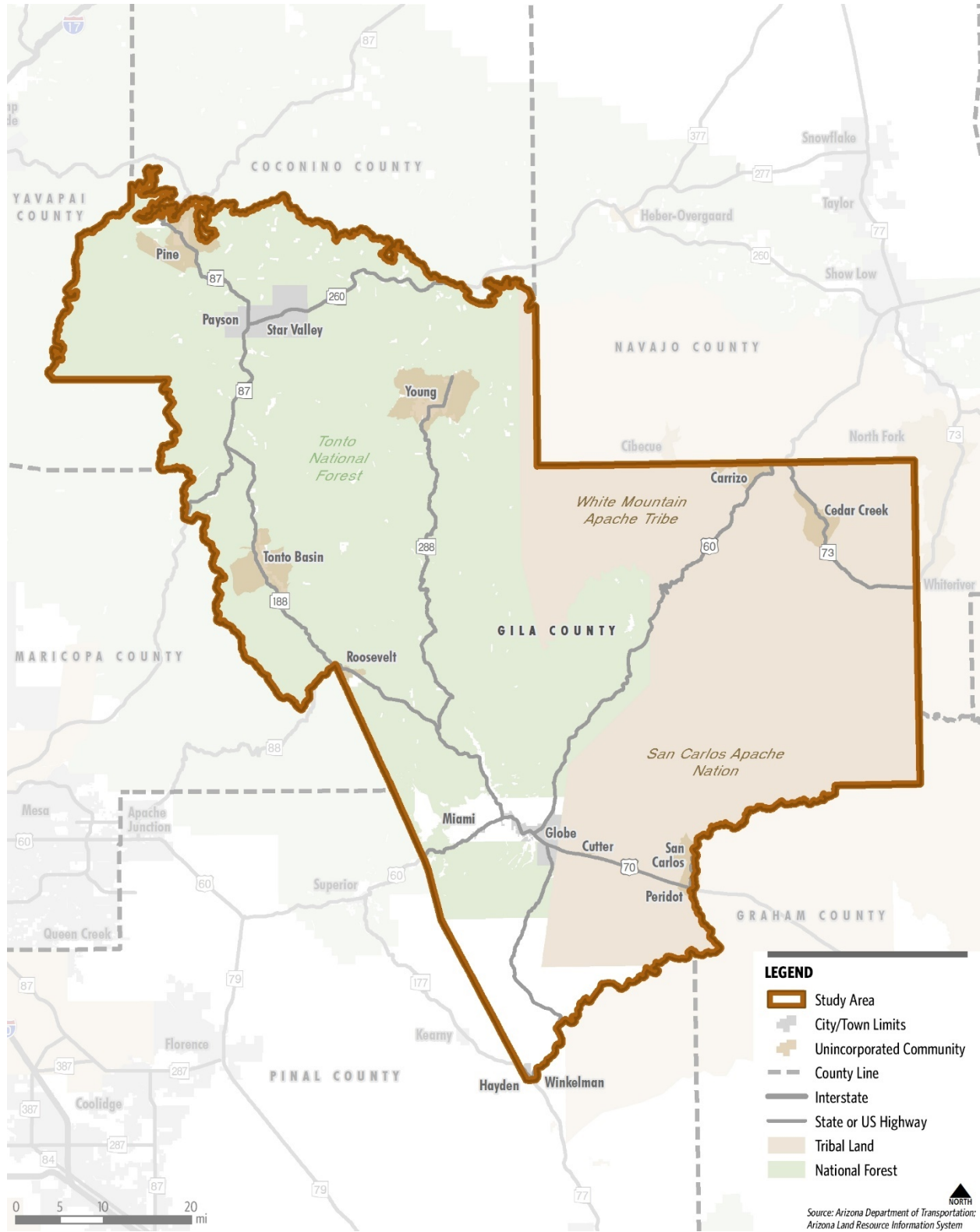
Gila County is located in central Arizona, generally east of the Phoenix metropolitan area. The County covers nearly 4,800 square miles with 55 percent of the land within the Tonto National Forest, 37 percent within the Fort Apache and San Carlos Apache reservations, 4 percent is privately owned, and the rest of the land managed by the Bureau of Land Management or State Lands (see **Figure 1**). In general, the Study Area is rural in nature with terrains that range from desert landscapes (2,200 FT) to mountainous terrain (7,900 FT). Due to the area's terrain and scenic nature, Gila County is a popular recreation area for Phoenix residents to partake in the area's wide range of recreational opportunities.

Communities in Gila County includes many residents that are elderly, low-income, and often do not have access to reliable vehicles to reach activity centers. With the population centers being widespread within Gila County, coordination among transit providers is critical. Coordination under a regional governing structure will enable seamless operations between local and regional transit system without duplication and administrative costs. Gila County is currently served by several public, non-profit, and private transit providers, including:

- Beeline Bus in the Payson/Star Valley area,
- Copper Mountain Transit (formally known as Cobre Valley Community Transit) in the Miami/Globe area,
- Nnee Bich'o Nii Transit operated by the San Carlos Apache Tribe,
- Fort Apache Connection operated by the White Mountain Apache Tribe Division of Transportation,
- Greyhound and Mountain Valley Shuttle that provide regional connections between communities in Gila County and the Phoenix metropolitan area, and
- Numerous specialized transportation providers through human service providers.



Figure 1: Study Area



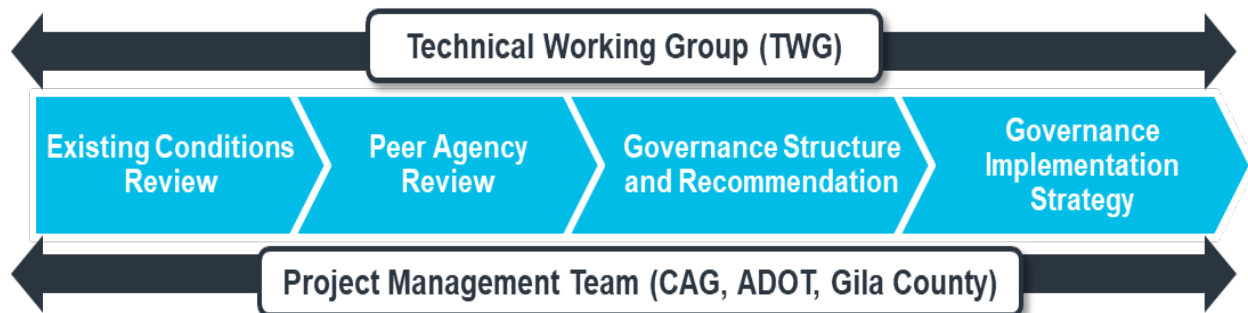


1.3 STUDY PROCESS

The *CAG Gila County Transit Governance Study* was developed with guidance provided by a Project Management Team (PMT) that included CAG, Gila County, and the Arizona Department of Transportation (ADOT). The study included on-going collaboration with a Technical Working Group (TWG) who provided input and oversight and championed the goals and objectives of the study. The TWG included key staff from local cities, towns, and transit agencies. The study also included a robust stakeholder engagement process ensuring that CAG member agencies and transit providers are equitable planning partners throughout plan development. **Section 7.1.2** presents a list of the stakeholders who participated in the stakeholder engagement process.

This study was a multi-phase process, as illustrated in **Figure 2**.

Figure 2: Study Process



Existing Conditions Review, as summarized in **Section 2**, included an assessment of the current and future transit service market, as well as an inventory of existing public transportation services. In this phase, stakeholder interviews were conducted to understand current transit services. The study team conducted over fourteen interviews with a variety of stakeholders in Gila County, including elected officials, key agency leadership and staff, and transit agency staff directly engaged in the operation and management of public transportation services.

Peer Agency Review, as summarized in **Section 3**, included best practices and lessons learned regarding regional transit governance from experience of other regions in Arizona and other parts of the country.

Governance Structure and Recommendation, as described in **Sections 4** and **5**, included identification and assessment of a governance model structure for transit service in Gila County, and recommendations of governance changes for the future. This phase included an educational and information component to help the TWG and stakeholders understand potential governance model options and to obtain feedback on the applicability of these structures in Gila County. Based on input from the TWG and stakeholders, recommendations were formulated to address the needs and preferences unique to this region. Furthermore, a financial impact analysis was conducted to explore potential funding and cost impacts of a possible scenario of the recommended governance changes. The analysis is documented in **Appendix 3**.

Governance Implementation Strategy, as detailed out in **Section 6**, provides potential implementation plan for the recommended governance changes. The implementation plan



includes immediate next steps for the near-term changes and planning for mid- and long-term changes. This phase includes consensus building on the preferred governance structure plan, which is expected to continue beyond this study.



2. EXISTING CONDITIONS REVIEW SUMMARY

The review of previous plans and studies, current and projected demographic characteristics, and existing transit services and conditions provided a helpful context for Gila County to evaluate models and options for expanding and enhancing transit services in the region. The following are key findings identified during existing conditions review. Detailed information about the existing conditions review can be found in **Working Paper 1: Existing Transit Services and Governance Structures**.

2.1 POPULATION AND COMMUTE CONDITIONS

- Population, activity center, and employment density in Payson-Star Valley, Globe-Miami, and San Carlos-Peridot support the densities needed for a public transportation system.
- Gila County is an automobile-oriented area, with long-distance commute times, limited pedestrian infrastructure in densely populated areas, and long walking distances off main roads.
- Gila County is home to many transit-dependent individuals, including seniors, individuals under the age of 18, those with mobility limitations, and those without access to a vehicle. These population groups are largely provided service with current public transportation systems.
- The popularity of the Mountain Valley Shuttle service from Show Low to Payson and the Phoenix metropolitan area illustrates the public interest in regional public transportation services. Many Gila County residents travel to the Phoenix and Tucson metropolitan areas for shopping and medical appointments.
- Many Payson-Star Valley residents travel to Globe-Miami for government services, whereas San Carlos Apache Tribe members travel to Globe-Miami for shopping and employment.

2.2 CURRENT TRANSIT SERVICES AND GOVERNANCE STRUCTURE

- Gila County is currently serviced by the Miami-Globe Copper Mountain Transit, Payson-Star Valley Beeline Bus, San Carlos Apache Tribe Nnee Bich'o Nii Transit, White Mountain Apache Tribe Fort Apache Connection, the Mountain Valley Shuttle, and numerous human service providers.
- Current public transportation services in Gila County are essential to its riders and benefit the communities; however, there are numerous local and regional gaps that need to be addressed to meet all the region's mobility needs.
- Connecting rural communities (i.e. Pine, Strawberry, Hayden, Winkelman, etc.) to current transit routes would be beneficial to provide residents and visitors with transportation to employment, medical, education, entertainment, and shopping.



- Gila County’s current public transportation providers currently work independently with some coordination and collaboration. Improved coordination among transit providers may better service Gila County residents and workers and provide cost savings.

Table 1 provides a summary of existing transit service governance structures in Gila County.

Table 1: Summary of Current Gila County Transit Operators

Service	Operator	Funding	Existing Structure
Copper Mountain Transit	Town of Miami	<ul style="list-style-type: none"> • Federal • Local (Miami, Globe, Gila County) • Fare revenue 	<ul style="list-style-type: none"> • Operated by Town of Miami's Transit Department • Financial support from Miami, Globe, and Gila County • Transit Advisory Committee oversee services • Mayor, Town Manager, and Town Council oversee service • Coordinates with San Carlos Apache Tribe
Beeline Bus	Payson Senior Center	<ul style="list-style-type: none"> • Federal • Local (Payson, Gila County, Star Valley, Payson Senior Center) • Advertisement • Fare revenue 	<ul style="list-style-type: none"> • Operated by Payson Senior Center • Financial support and IGA between Payson, Gila County, Star Valley, and Payson Senior Center • Transit Advisory Committee oversee services



Service	Operator	Funding	Existing Structure
Nnee Bich’o Nii Transit	San Carlos Apache Tribe	<ul style="list-style-type: none"> • Federal • Tribal Temporary Assistance for Needy Families (TANF) • Fare revenue 	<ul style="list-style-type: none"> • Operated by San Carlos Apache Tribal Government’s Transit Department • Tribal Transportation Advisory Committee and Tribal Council oversee service operations. • Coordinates with Copper Mountain Transit and Fort Apache Connection
Fort Apache Connection	White Mountain Apache Tribe	<ul style="list-style-type: none"> • Federal • Fare revenue 	<ul style="list-style-type: none"> • Operated by White Mountain Apache Tribe’s Division of Transportation • Transit Advisory Committee oversee services • Coordinates with Copper Mountain Transit and Fort Apache Connection
Mountain Valley Shuttle	Private	Fare revenue	<ul style="list-style-type: none"> • Private shuttle service
Human Service Providers (5310 Program)	<ul style="list-style-type: none"> • Horizon Health and Wellness • Payson Senior Center 		



3. GOVERNANCE PEER AGENCY REVIEW

This section summarizes the findings of the peer agency review. Detailed information can be found in **Working Paper 2: Governance Peer Agency Review**.

3.1 SELECTION OF PEER AGENCIES

Best practices and lessons learned regarding regional transit governance can be drawn from experience of other regions in Arizona and other parts of the country. In order to find the most comparable experience to Gila County, selection of peers focused on regions with similar population and area, and ideally with tribal presence. Geographically, candidates were selected from both within Arizona, which represent the same, existing institutional and legal environment that Gila County is in, and outside of the state, which may provide best practices that are yet to be implemented in Arizona but suitable for Gila County. Lastly, regional agencies for other public services within Gila County were also considered, which demonstrate experience of inter-governmental coordination and cooperation within Gila County.

Based on the abovementioned considerations, eleven agencies were proposed as peer review candidates. The PMT reviewed and discussed the proposed candidates as a group and made the final selection of five peers for further detailed study:

- **Yuma County Intergovernmental Public Transportation Authority (YCIPTA).** YCIPTA was selected because it is an Arizona regional transportation agency, an example of an Intergovernmental Public Transportation Authority (IPTA). An IPTA is one of several types of regional transportation agencies authorized by Arizona statute, a potential option for Gila County. YCIPTA has tribal representatives serving on its governing board.
- **Cottonwood Area Transit (CAT).** CAT was selected for its intergovernmental agreements with neighboring municipalities to provide cross-boundary transit service. Like Gila County, CAT's service area is mostly a small-urban and rural area.
- **Cobre Valley Institute of Technology (CVIT).** CVIT was selected as an example of regional public service agency within Gila County. It serves the southern part of the county and a small part of Pinal County, providing vocational education for five unified school districts. CVIT was selected for its experience with inter-governmental coordination and cooperation within Gila County.
- **North Central Regional Transit District (NCRTD).** NCRTD was selected as an out-of-state example of an independent regional agency that serves as the major transit operator for a four-county region in New Mexico. It serves a mostly small-urban and rural area with eight tribes (pueblos) within its service area.
- **Lincoln County Transit (LCT).** LCT was selected as an out-of-state example of a county-wide transit operator. Similar to Gila County, Lincoln County, Oregon, has a mostly small-urban and rural demographic. LCT serves a tribe located within the county.

After finalizing the list of five peers, the study team analyzed the formal structure of the peer agencies, including historical information, development process, governing and operating structures, funding, and tribal participation. Desktop and internet research were conducted to



gather information about each peer on the abovementioned areas. **Table 2** provides an overview of the peer agencies.

3.2 SUMMARY OF PEER AGENCY REVIEW

Based on the desktop and internet research, the study team interviewed the leadership of all five peer agencies to better understand the motivations, process, and challenges in forming the regional governance structure and identify best practices and lessons learned in their experience. A peer interview guide was developed to support the interviewers. The guide included questions in three major areas: governance structure, funding and cost allocation, and coordination with other transit operators in the region.

The interviews provided valuable insights into the experience of each peer agency. The key findings have been summarized and organized into six major aspects:

- Status of service provided before regionalization
- Initiation and formalization of regional transit
- Regional governance structure
- Transit funding and cost allocation
- Tribal participation
- Coordination with regional partners

Table 3 provides a summary of peer agency review.



Table 2: Overview of Peer Agencies

Peer Agency	Jurisdictions Served	Population	Service Area	Year Formed	Governance Model	Board Structure	Funding Sources	Tribal Participation	Services Provided
Yuma County Intergovernmental Public Transportation Authority (YCIPTA) <i>Arizona</i>	<ul style="list-style-type: none"> Cities of Yuma, San Luis, and Somerton Town of Wellton Unincorporated communities of Yuma County Cocopah Nation and Quechan Nation 	195,751 (2018 NTD)	5,522 Sq. Mi.	2011	Arizona IPTA (population 200K or less) (A.R.S. Title 28 Chapter 26 IPTA)	A nine-member board representing Yuma County, the Cities of Yuma, San Luis, Somerton, Town of Wellton, Arizona Western College, Northern Arizona University, the Cocopah Nation, and the Quechan Nation.	<ul style="list-style-type: none"> Federal (5307, 5311, 5310) General revenue from Cities (NTD 2018) Indian tribes (5311 (c) funding used to reimburse YCIPTA at \$49.10/op hour) University and College 	Cocopah Indian Tribe and Quechan Indian Tribe	<ul style="list-style-type: none"> Fixed route, vanpool and Yuma County Area Transit (YCAT) On Call demand responsive bus service throughout the service area, including Gadsden, Fortuna Foothills, and Ligurta YCAT provides service into Winterhaven and El Centro, CA and on the Quechan/Fort Yuma Indian Reservation Serves several colleges
Cottonwood Area Transit (CAT) <i>Arizona</i>	<ul style="list-style-type: none"> Cottonwood Area Transit (CAT) provides local transit services for Cottonwood, Clarkdale, Bridgeport and Verde Village Verde Lynx - Direct bus service between Cottonwood and Sedona 	12,253 (2019, US Census Bureau)	17 Sq. Mi.	2012 (Cottonwood-Sedona IGA first executed)	City department; Cottonwood-Sedona IGA (renewed 2019) (A.R.S. Title 40 Chapter 6 Article 5)	Cottonwood City Council	<ul style="list-style-type: none"> Federal (5311) State City of Cottonwood and City of Sedona 	Not Applicable	<ul style="list-style-type: none"> Fixed route service in Cottonwood, Clarkdale and Verde Village. Verde Lynx service connects central Cottonwood with the major employers in Sedona along 89A and northern portions of SR 179.
Cobre Valley Institute of Technology (CVIT) <i>Arizona</i>	Five unified school districts: Globe, Hayden-Winkelman, Miami, San Carlos, Superior, and Ray	Not Applicable	Not Applicable	2000	Career Technical Education District (CTED)	Board members are elected within the District	About 90 percent of CVIT funding comes from the Arizona Department of Education through equalization aid, and approximately 10 percent comes from local property tax.	San Carlos Apache Tribe	<ul style="list-style-type: none"> Coordinates and funds delivery of career and technical education course offerings to secondary students.
North Central Regional Transit District (NCRTD) <i>New Mexico</i>	Los Alamos County, Rio Arriba County, Santa Fe County, San Juan County, Taos County, and Pueblos	289,292 (2018 NTD)	10,119 Sq. Mi.	2007	Regional Transit District (see N.M.S.A. 1978, Section 73-25)	One board member from each city, county, village, town, and pueblo (17 in total)	<ul style="list-style-type: none"> 4-County Transit Gross Receipts Tax Tribal Transit Federal Grant Local match from member jurisdictions <i>(NCRTD website financial data tool, 2020)</i>	Pueblos and Nation: Ohkay Owingeh, San Ildefonso, Tesuque, Pojoaque, Santa Clara, Nambé, Picuris, Taos, and Jicarilla Apache Nation	<ul style="list-style-type: none"> Provides free and premium fare-based bus transit connecting communities and pueblos throughout the counties of north central New Mexico including Los Alamos, Rio Arriba, Santa Fe and Taos RTD Blue Buses provide connections to New Mexico Rail Runner, Santa Fe Trails, NMDOT Park and Ride, Los Alamos Atomic City Transit, Po' Pay Messenger Service and Red River Miner's Transit
Lincoln County Transit (LCT) <i>Oregon</i>	Lincoln County	49,962 (2019, US Census Bureau)	992 Sq. Mi.	2010 (five county partnership commenced)	County transportation service district; operates as a county department	County board of commissioners; Transit Advisory Committee for planning	<ul style="list-style-type: none"> Federal (5311) State Property tax assessed by the district (2018 TDP) 	Confederated Tribes of Siletz Indians	<ul style="list-style-type: none"> Provides fixed-route and demand response service connecting the main communities in Lincoln County Services consist of four intra-county routes - Newport to Yachats, Newport to Lincoln City and Rose Lodge, Newport to Siletz, and the Coast-to-Valley route from Newport to Albany Two intracity loop routes in Lincoln City and Newport Two Dial-A-Ride services that operate within Lincoln City and Newport



Table 3: Summary of Peer Agency Review

Peer Agency	Status of Service Provided Before Regionalization	Initiation and Formalization of Regional Transit	Regional Governance Structure	Transit Funding and Cost Allocation	Tribal Participation	Coordination with Regional Partners
Yuma County Intergovernmental Public Transportation Authority (YCIPTA) <i>Arizona</i>	The MPO owned and operated transit for the county.	Motivated to form a governing board dedicated to transit to better address goals and priorities for transit and riders.	The board members are the city/town administrators, appointed by the city council and town council. None of the board members are elected officials.	Funding shortfall is allocated to each locality based on population mainly.	Quechan and Cocopah nations are represented on the board.	YCIPTA, Quechan Tribe, and Imperial County of California formed a partnership to provide transit service in eastern Imperial County, operated by YCIPTA.
Cottonwood Area Transit (CAT) <i>Arizona</i>	<p>Cottonwood is authorized to provide public transportation services and operates the CAT System.</p> <p>Provides local bus service in Cottonwood, Clarkdale, Bridgeport and Verde Village.</p>	City of Sedona and City of Cottonwood first entered into an Intergovernmental Agreement (IGA) in 2012 for the operation of an intercity commuter transit service, initiated by Sedona. The IGA was renewed in 2015 and 2019.	Cottonwood manages and operates the Verde Lynx service, in consultation with Sedona, and with Sedona's financial support.	Cottonwood applies for funding from ADOT. Any funds received by Cottonwood on behalf of Sedona and/ or the Verde Lynx system is credited to Sedona in the annual budgeting process for the CAT system. Cottonwood develops operating budget based on Sedona's desired service, including costs required and Sedona's share of funding contribution after grant funding.	Not Applicable	Sedona is planning to start its own transit service in 2021, but the Verde Lynx service will continue.
Cobre Valley Institute of Technology (CVIT) <i>Arizona</i>	No agency dedicated to providing vocational education in the region.	CVIT is a Career Technical Education District (CTED), created based on Arizona statute to provide vocational education. Several CTEDs existed in the state before CVIT. Several school districts saw the need for vocational education in the region and to take advantage of state funding for CTED. The CVIT was formed in 2000 with three or four original member school districts. Globe and Ray joined the CVIT subsequently.	Each of the six school districts appoints an elected official to the CVIT board. CVIT does not have a campus or employ any teacher directly. Instead CVIT executes an IGA with the member school districts and two community colleges to provide classrooms, labs, equipment, and CTE certified teachers.	Mainly funded by the state. State funding is based on student enrollment (students do not pay tuition; books and lab equipment expenses are also covered by the program). Local school districts provide some funding from property tax as well. CVIT also receives some federal and state grants, too. CVIT can carry unspent funds over to subsequent years, good for maintaining a reserve fund for capital projects.	San Carlos Unified School District is a member of the CVIT.	The CVIT has a close partnership with its member school districts and two community colleges in the region to deliver courses. CVIT relies on the facilities and teachers of the school districts and community colleges. Itself plays a funding administration and course delivery coordinating role.
North Central Regional Transit District (NCRTD) <i>New Mexico</i>	Each County, and one of the eight pueblos, had their own transit service.	The regional economic development organization facilitated consensus building regarding goals and agency structure. The RTD was formed with a planning grant. 11 municipalities and tribes formed the RTD initially. An easy process for accepting new members was established.	<p>Board members are elected officials appointed by their county/city/pueblo. Each member has an alternate who may not be an elected official. Some actions require vote from the elected officials.</p> <p>Board members have different voting power – each has a number of voting units depending on the population of the jurisdiction they represent.</p>	<p>Initially each member jurisdiction contributed funding until the regional tax passed (tax not levied in tribes). Tax revenue is allocated among RTD, and three other transit operators in the region. RTD can use the tax revenue for any service within the RTD regardless of the proportions levied in each jurisdiction.</p> <p>RTD makes tribal transit grant application on behalf of the pueblos and enter memoranda of understanding (MOU) to transfer those grant funds.</p>	<p>Six of eight pueblos are represented on the board. The other two chose not to join the RTD, but they can always join if they decide to. Reasons for not joining may include:</p> <ul style="list-style-type: none"> Frequent turnover of tribal leadership Requires more education/communication of the benefits of regional transit Don't need to be a member to get service; tax dedicated to transit not levied in the tribes <p>MOU for funding transfer include provisions that stipulate adjudication will take place in tribal court system.</p>	<p>A new maintenance facility under development, which may provide vehicle maintenance for other regional transit operators.</p> <p>A study is underway that considers merging with Santa Fe Trails.</p>



Peer Agency	Status of Service Provided Before Regionalization	Initiation and Formalization of Regional Transit	Regional Governance Structure	Transit Funding and Cost Allocation	Tribal Participation	Coordination with Regional Partners
<p>Lincoln County Transit (LCT) <i>Oregon</i></p>	<p>Initially was a transportation program for senior and people with disabilities. It evolved into a public transit operator.</p> <p>Five independent, county-owned rural transit operators in the region.</p>	<p>Five transit operators jointly applied for a Department of Energy grant for regional transit projects. The five operators executed an IGA - one operator coordinates and submit grant applications for all; cost allocation arrangement formalized to get match funds from all.</p>	<p>County Board of Commissioners is the governing body, with one commissioner focusing on transit. Five-county IGA governs the coordination of regional transit projects, e.g. bus stop improvement, regional fare passes, and grant applications.</p>	<p>State payroll tax (STIF) dedicated to transit started in 2018. The funds cannot be used to supplant pre-existing funding sources, so essentially additional funds for transit. Introduction of STIF created the need to decide how to use the additional funds, which motivated the local tribe to participate in the advisory committee, which advises the county board on transit issues.</p> <p>Other sources of funds include FTA funding through the state, tribal transit funds, state funds (STF) for paratransit, county property tax dedicated to transit, two cities' contribution (Newport \$90,000/year; Lincoln City \$35,000/year), and in-kind contributions.</p>	<p>Even though LCT had always provided transit to Siletz, it took 10 years to build the relationship with the tribe, and eventually got the tribe's participation in the transit advisory committee. New state payroll tax for transit helped to get tribal participation in the committee to plan how to use the funds. The tribe pays fully for one route, about \$275,000/year of tribal transit funds. Tribal members with tribal ID can ride at no cost.</p>	<p>The five-county partnership has developed and rolled out one website for all five systems, is improving pedestrian access for bus stops throughout the region and implemented a transit pass accepted by all five systems.</p>



3.3 KEY TAKEAWAYS AND LESSONS LEARNED

The peer agency analysis revealed several key takeaways applicable to this study:

- Shared policy goals
- Governance structure designed to reflect local funding commitment and regional transit needs
- Tribal participation in the governance of regional transit



Shared Policy Goals



Governance Structure That Reflects Funding Commitment & Regional Transit Needs



Minimal Institutional/Legal Barriers for Tribes to Participate in Regional Governance

Regional cooperation in transit is typically driven by shared policy goals among participating municipalities and tribes that may include, for example, need for a governing board dedicated to transit, increasing demand for regional transit service, and effective and equitable use of additional regional funding for transit. Shared policy goals ensure feasibility of regional governance and lead to greater benefits for each participating jurisdiction.

Governance should be closely tied to transit service needs and local funding commitment. An effective governance structure would typically reflect local funding commitment, which is ultimately driven by the need for regional service.

Service can be provided at a regional level through establishing an independent regional entity and/or executing intergovernmental agreements (IGA). The two options are not mutually exclusive; for example, YCIPTA is an independent regional entity and maintains IGAs for services in parts of Yuma County in Arizona and Imperial County in California. The two options are typically adopted to serve different purposes:

- An independent regional transit operator has been chosen where increasing demand for regional transit services requires ongoing joint decision-making at both strategic and operational levels.
- IGAs has been used for specific cooperative purposes, e.g. operating one route that serves mainly commuters from one city to another, implementing a regional transit pass, establishing a regional brand, sharing facilities and staff, etc., but planning, management, and operations for most services remain independent.

Minimal institutional/legal barriers were found for tribes to participate in regional governance. Tribes were found represented on the governing boards of various types of regional agencies and technical advisory committees. Relationship building with tribes is key to productive tribal engagement and it takes time.



4. ASSESSMENT OF GOVERNANCE MODEL STRUCTURE

To understand the locally supported structure for a regional governance model, an online survey of the TWG members and a stakeholder workshop were conducted.

An online survey was developed based on the previous efforts of this study and was circulated to the TWG members. The survey gathered opinions regarding the needs, benefits, and barriers of regional transit governance. Additionally, suggestions on how regional transit should be governed and the process through which regional transit governance should be implemented were encouraged. The findings of this survey helped identify the goals for a regional transit governance and develop governance model options. **Appendix 1** provides a summary of the survey results.

The following four goals were identified for regional transit governance:



Cost Savings

Consolidating operating and/or administrative functions



Policy Making

More effective policy making and consistent regional policies



Demand

Meet increasing demand for regional transit service



Funding

Address the need for dedicated funding for transit

4.1 GOVERNANCE MODEL OPTIONS

Based on the survey input and to achieve the above goals, two options were developed for a regional governance model structure.

4.1.1 Option 1: Consolidate Selected Functions

- Consolidate selected administrative and/or operating functions.
- A “host entity” will perform the consolidated functions. Potential candidates for “host entity” were:
 - An existing transit operator
 - An existing governmental entity, e.g. Gila County
 - A new entity, e.g., Intergovernmental Public Transportation Authority (IPTA)
 - A non-profit organization
- Existing local operators continue to perform other functions.
- Recommended Governance Structure:



- Intergovernmental Agreement (IGA) executed by all participating jurisdictions with defined scope for consolidated functions, responsibilities of the host entity, and funding obligation of participating jurisdictions.
- Transit Advisory Committee (TAC) with regional representation to provide guidance on the consolidated functions.
- Below are the pros and cons of Option 1.

Pros	Cons
<ul style="list-style-type: none"> ● More coherent service planning (i.e., routes aligned with travel needs regardless of jurisdiction boundaries, coordinated schedules for transfer between routes) ● Easier for riders to use (i.e., consistent branding, unified system maps, one call center) ● Cost saving in administrative functions (such as federal and state funding administration, federal compliance, procurement) 	<ul style="list-style-type: none"> ● Independent operation of local service requires substantial resource for interjurisdictional coordination, both among local service operators and with the host entity

4.1.2 Option 2: Consolidate All Functions

- Establish an IPTA.
- IPTA will be governed by an independent board.
- The IPTA will be the policy making, funding management, service planning, and service operation entity for the County.
- Recommended Governance Structure:
 - Governed by an independent board of directors with board membership and voting rights for some or all.
 - Funding contribution from member jurisdiction with a minimum contribution threshold based on population and/or operating statistics (e.g., service hours, ridership).
- Below are the pros and cons of Option 2.



Pros	Cons
<ul style="list-style-type: none"> • More coherent service planning (i.e., routes aligned with travel needs regardless of jurisdiction boundaries, coordinated schedules for transfer between routes) • Easier to use for riders (i.e., consistent branding, unified system maps, one call center) • Cost saving in administrative functions (such as federal and state funding administration, federal compliance, procurement) • More effective operation planning, (i.e., dispatching, run-cut, vehicle maintenance) • Minimize coordination among operators 	<ul style="list-style-type: none"> • Impact on operating personnel cost to be determined • Could be difficult to integrate established services within a short timeframe • Cost of rebranding services, e.g., signage, ticket, informational materials • Significant start-up funding needs

4.2 FINDINGS FROM STAKEHOLDER WORKSHOP 1

A set of stakeholder workshops were conducted to present the governance model options and to gain feedback from city/town staff, elected officials, and transit agency staff members.

Section 7.1.2 provides details of the workshops. i.e. date and list of participants. Detailed information about the Stakeholder Workshop 1, poll results, and small group discussions can be found in the **Stakeholder Workshop (1) Summary** document.

The goals of the workshops were to:

- Inform and educate participants on the study and findings to date;
- Outline potential governance models for Gila County and present the pros and cons of each;
- Get feedback and input on the draft governance models, including the local and regional benefits and challenges; and
- Obtain guidance regarding a preferred governance model.

Key comments, poll results, and small group discussions from the stakeholder workshops are summarized below:

- Nearly all attendees (91%) saw a need for better regional transit coordination in Gila County.
- Cost savings was largely identified by attendees as an achievable outcome of creating a regional transit governance.



- Attendees preferred Gila County as an interim regional “host entity” to perform the consolidated functions, with IPTA being a long-term goal.
- Attendees preferred a model that consolidated select functions under a regional governance structure.
- After discussions, while a model that consolidated select functions was still preferred, more participants selected a model that consolidated all functions under a regional governance as their preference in long-term.
- Attendees generally preferred regionalism and cost effectiveness.
- Desire to maintain local vehicle operations, fare system, branding, and dispatch.
- Strong support for paying into a regional transit system, if it meant the region would receive more federal funds.

4.3 CONSOLIDATION OF SELECTED TRANSIT OPERATIONS

Based on engagement with the TWG and stakeholders, the study team observed that the preferred form of regional cooperation and coordination varies by types of transit operators.

- For **Beeline Bus and Copper Mountain Transit**, the desire to consolidate selected functions is more evident. The Beeline Bus, currently operated by the Payson Senior Center, is particularly in need for administrative support. Payson Senior Center would like to remain involved in the service operations and future route planning as a key stakeholder. Copper Mountain Transit desires to consolidate maintenance functions and increase route capabilities, while remaining independent. Copper Mountain Transit, currently operated by the Town of Miami, receives regional support from Gila County, City of Globe and Town of Miami. Copper Mountain Transit would like to remain involved in the service operations and future route planning as a key stakeholder.
- The **tribal transit systems**, on the other hand, prefer to remain independent, mainly because they have different funding and governance model.
- The operators of **human services transportation** also expressed preference to operate their services due to the specialized operating model and the need to directly maintain relationships with clients.

4.4 IDENTIFICATION OF THE APPROPRIATE REGIONAL HOST ENTITY

A majority of stakeholders recommended an IPTA to be an ultimate regional host entity to operate county-wide transit services, while Gila County would be an appropriate lead agency to provide consolidated functions before an IPTA is established.

Gila County expressed willingness to consider serving as the regional “host entity” in the interim, with an understanding that they would perform consolidated transit functions for Beeline Bus and Copper Mountain Transit. This interim approach would depend on additional analysis for funding, staffing, and coordination for the formation of Transit Advisory Committee (TAC).



5. GOVERNANCE MODEL RECOMMENDATIONS

Based on findings from the peer agency review and input from stakeholders, an IPTA serving as an independent county-wide entity is recommended to operate transit in Gila County. With that being the ultimate goal, there are two alternative processes that are recommended for the interim, which will help the region transition to an IPTA.

5.1 ALTERNATIVE 1: IPTA EXPLORATORY COMMITTEE

Establishing a new, independent entity like IPTA is a major institutional undertaking that requires broad support from the public, buy-in from major institutional stakeholders, and extensive organizational and operational changes. It is recommended that an exploratory committee be formed to facilitate the preparation and formation of an IPTA. The exploratory committee can be formed by an intergovernmental agreement (IGA). CAG could initiate the process of forming the exploratory committee and negotiating the IGA. Initially, members of the committee could include CAG, major transit operators, and funding contributors. The membership can be expanded over time to include local jurisdictions and tribes that are interested in improving and/or expanding transit services.

The exploratory committee would serve as a policy board that, as its name suggests, explores the formation of an IPTA and the preparation required to reach that goal. The committee could also make inter-jurisdictional transit policy decisions in the interim, e.g. coordination in service planning and transit fares, establishing inter-jurisdictional routes, and cooperation in sharing certain transit functions. It is recommended that the exploratory committee establish a schedule of regular meetings, for example, once every month or once every two months. Additional ad hoc meetings could be convened as needed.

Initially, operating responsibilities of transit services could remain unchanged as the IGA is executed. The exploratory committee could be a forum to help facilitate coordination among stakeholders of any potential operational changes required, e.g. identifying an improved administrative and operational model for Beeline Bus. Management and financial could change slowly and organically with operational needs over time. As the exploratory committee continues to shape transit policies and improve transit service in Gila County, it could start promoting the IPTA as a permanent solution when it determines the timing is appropriate. With general support from local communities and the public, the committee could begin exploring the governance and organizational structure of the IPTA.

The exploratory committee will play a key role in facilitating consensus building among municipalities and/or tribes regarding the principles and the details of the governance and organizational structure of the IPTA. Once the consensus is reached, the municipalities and/or tribes interested and committed to form the IPTA could petition the County Board of Supervisors. The County Board of Supervisors could then follow the statutory process to hold a public hearing and determine whether forming the IPTA is in the public interest. Once the County Board of Supervisors decide to approve the petition, it could officially form the IPTA through a resolution.

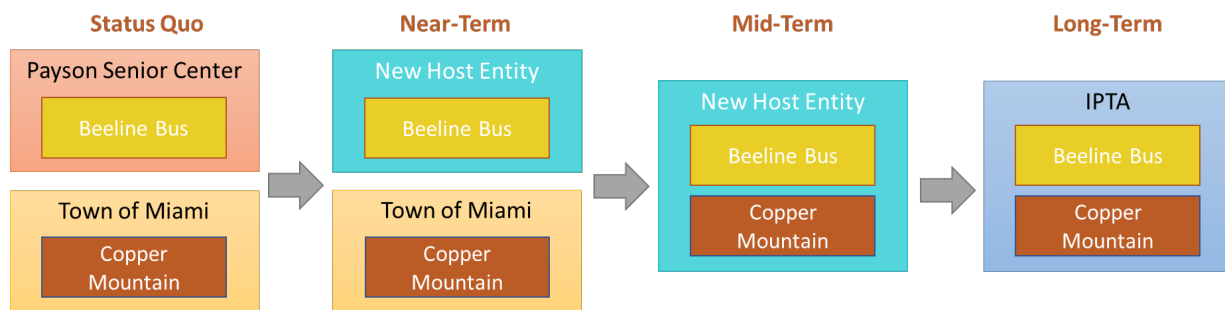


5.2 ALTERNATIVE 2: INTERIM COUNTY-WIDE TRANSIT OPERATOR

As a second alternative, a three-phase governance change is recommended for transit in Gila County. This phased implementation lays out a practical plan of gradual governance changes that integrate transit operations within Gila County to reap the benefits of better coordinated service planning, new and improved services, and more efficient operations, while minimizing potential interruption to transit services as changes take place. As regional transit service and operations integrate, the phased approach allows time for building public support for county-wide transit service, enhancing cooperation and coordination in transit planning and operations among local jurisdictions, and identifying new funding sources for transit in the future.

Through the three phases recommended, the level of integration of transit operations within Gila County increases over time. **Figure 3** shows changes of operators of Beeline Bus and Copper Mountain Transit in the recommended phases.

Figure 3: Operators of Beeline Bus and Copper Mountain Transit in Three Recommended Phases



The near-term involves the immediate need for a new host entity to assume operations of Beeline Bus, which is recommended to occur within one to two years from the conclusion of this study. In the mid-term, it is recommended that the host entity could assume operations of another major transit service, Copper Mountain Transit. In the long-term, as the host entity continues to increase the service level, the regional service planning is streamlined, and the regional funding arrangement matures, a new county-wide independent agency, IPTA, could be established to provide transit service for the County. The timing of the mid-term and the long-term would be more flexible, depending on the progress of the near-term governance changes and consensus building between the host entity and stakeholder communities.

5.2.1 Near-Term Recommendation

Identification of the Host Entity

As a first step, the region would need to identify an appropriate host entity to operate county-wide transit services. The host entity could be either a governmental entity or a nonprofit.

Factors to be considered when selecting a host entity could include:

- Experience in transit operations



- Capacity of vehicle operations and maintenance
- Capacity of administrative functions
- Capacity of facilities available for transit operations
- Institutional knowledge in federal transit program administration

New Department for Public Transit

It is recommended that in the near-term, the host entity could establish a new department for public transit, which will be responsible for transit operations and service planning. At the same time, other departments of the host entity could provide various support functions which, depending on the existing capacity of the host entity, could include vehicle maintenance, funding administration, procurement, human resource, IT, or other administrative functions. If the host entity does not have the capacity to provide certain support functions required for transit, it could build up those functions by hiring new personnel or seeking those functions from a third-party entity.

Enterprise Fund for Transit

Financially, the host entity could manage transit operating and capital budget as an enterprise fund to keep transit financially self-contained. The enterprise fund would be funded by sources dedicated to transit, such as FTA programs and contributions from local governments. It would cover all transit related expenses, including the expenses of support functions provided by other departments of the host entity.

Assumption of Beeline Bus Operations

As revealed by the stakeholder outreach conducted for this study, the Beeline Bus service is in need for a new operator. Payson Senior Center, the current operator of Beeline Bus, initially started the Beeline Bus service to address the immediate need identified in the *Greater Gila County Transit Feasibility and Implementation Study*. As the Payson Senior Center is a nonprofit whose core mission is to provide senior services, operating a transit system does not meet their agency mission. While the Payson Senior Center undertook the initiation of this transit service to be able to build on the momentum of this study and meet the timing of the 2-year 5311 grant cycle, the intention was to ultimately transition the service to another entity in the future to be able to focus on public transit operations and administration of FTA transit funds. Currently, as the need for regional transit service has grown, a host entity could be in a better position to operate the Beeline Bus service. Therefore, it is recommended that in the near-term, the host entity could consider first assuming the operations of Beeline Bus.

The Beeline Bus service currently is funded by FTA 5311 and 5339 grants, as well as contribution from local funding partners, including Town of Payson and Gila County, and has previously received contributions from Town of Star Valley. Its FY2020 operating budget is \$181,245 in total. In terms of personnel, Payson Senior Center currently employs five part-time drivers and maintains three transit vehicles for Beeline Bus. It is recommended that the host entity maintain the same service level to minimize disruptions to Beeline Bus riders' lives. As such, the host entity could take over the vehicles from Payson Senior Center and employ the similar number of full-time equivalent drivers. The host entity could hire a full-time Transit



Manager or appoint an existing employee to oversee all transit operation and administrative functions.

The service could continue to bear the same brand, Beeline Bus, which is already widely recognized by riders.

Transit Advisory Committee (TAC)

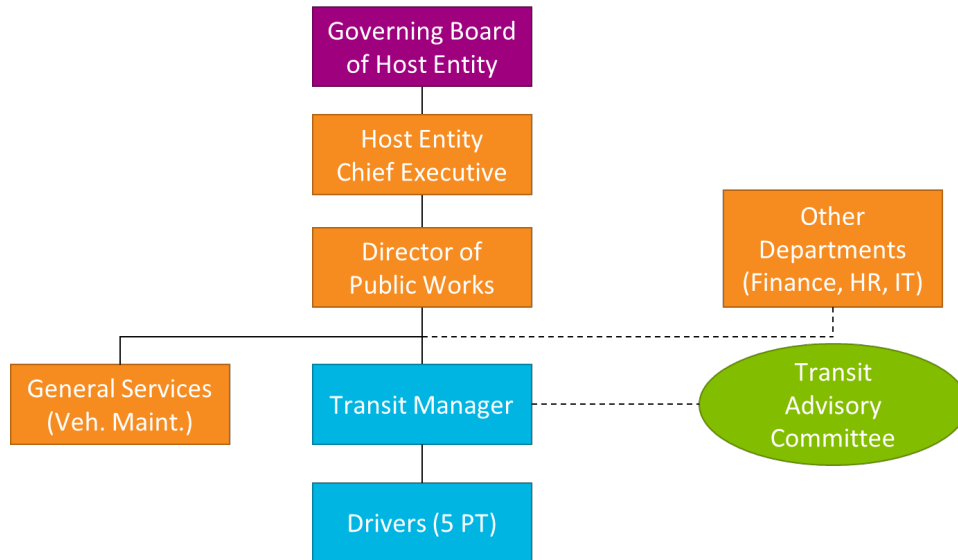
While the host entity assumes the operations of Beeline Bus, Copper Mountain Transit, the two tribal transit systems, and FTA 5310 funded human service transportation operations could remain independent in the near-term. These operators could consider improving coordination with the host entity on transit operations and service planning. It is recommended when establishing the Transit Advisory Committee, that representatives be appointed by the local municipalities and tribes. The Transit Advisory Committee would make recommendations regarding transit policy and development strategy, service planning, operations, and funding arrangements to the host entity, both the Transit Manager and the governing board of the host entity. The governing board of the host entity could consider delegating decision-making authorities to the Transit Advisory Committee if necessary and appropriate, for example, approval of transit service plan.

Organizational Chart

The organizational chart in **Figure 4** below shows an example structure of the transit department and its reporting relations within the host entity. The example organizational structure is based on an entity with a Public Works Department. It is recommended that the Transit Manager reports directly to the Director of Public Works, while the governing board of the host entity would be the governing body of the transit service. The board would have the authority to approve major strategic, financial, operational, and managerial decisions. The host entity's Department of Public Works could provide vehicle maintenance and facility maintenance services for transit. Other County departments, such as Finance, Human Resource, and IT, could also support the administrative functions of the transit operations.



Figure 4: Proposed Organizational Chart for the Near-Term



Coordination with Other Operators: Intergovernmental Agreements

As all operators in the region improve coordination in transit planning and operations, the host entity could enter into intergovernmental agreements with other operators in areas with potential synergy, for example, joint fuel purchase agreement or shared vehicle maintenance function that may lead to efficiency gain. The agreements would be negotiated and executed on a mutually beneficial basis and are flexible enough that the parties involved could modify the terms and conditions as needed.

5.2.2 Mid-Term Recommendation

In the mid-term, it is recommended that the host entity could continue to operate transit under the same governance and organizational model as the near-term while assuming operations of Copper Mountain Transit.

Assumption of Copper Mountain Transit Operations

Stakeholder outreach, peer case studies, and financial impact analysis conducted for this study indicate opportunities for improving regional transit service and efficiency gain from consolidating transit operations. It is recommended that the host entity could assume operations of Copper Mountain Transit in the mid-term.

Copper Mountain Transit is currently funded by FTA 5311 and 5339 grants, as well as contribution from local funding partners, including Town of Miami, City of Globe, and Gila County. Its FY2020 operating budget was \$554,612 in total. In terms of personnel, the Town of Miami currently employs one full-time transit manager, one full-time dispatcher, four full-time drivers, and two relief drivers (some driver positions may be vacant and undergoing a hiring process at the time of writing). Other departments of the Town of Miami provide administrative support functions for Copper Mountain Transit. The costs of such administrative support



functions are accounted for as indirect cost and the Town allocates the indirect costs to Copper Mountain Transit based on an indirect cost allocation plan. In terms of physical assets, the Town maintains three transit buses and two minivans.

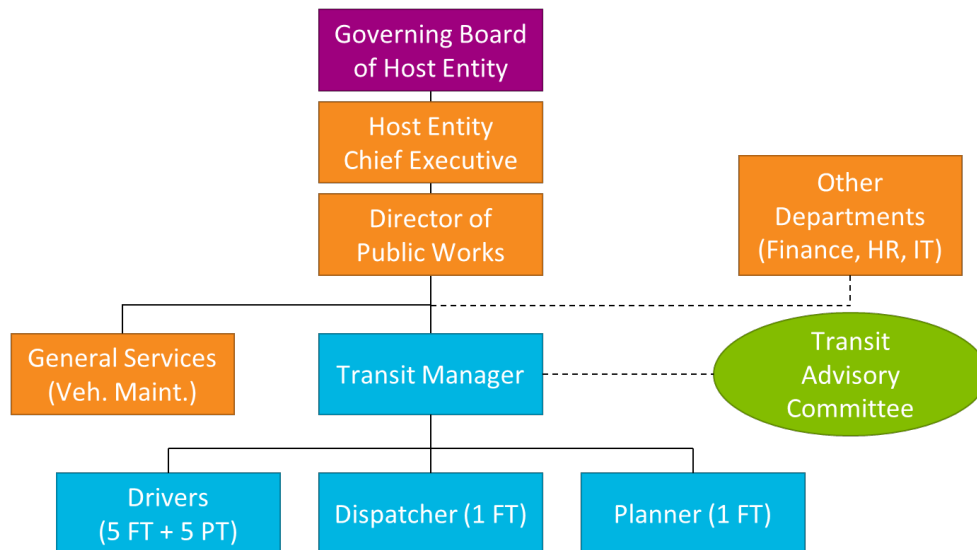
Like the near-term, it is recommended that the host entity maintain the same service level as Copper Mountain Transit. The host entity could take over the vehicles from Town of Miami and employ the similar number of full-time equivalent drivers and a dispatcher. The host entity’s administrative departments could provide the support functions required by Copper Mountain Transit and Beeline Bus with minimal additional resources, as the same administrative functions can be shared by the two services.

The recommendation that the host entity assumes operations of Copper Mountain Transit in the mid-term, rather than in the near-term, is largely based on the finding that Beeline Bus has a more urgent need to transition to a new operator and the expectation that taking over operations of Copper Mountain Transit from the Town would have operational and financial impacts on the Town and therefore, may need additional time to implement the changes. However, the changes could occur sooner if the host entity and the Town could agree to an implementation plan in the near-term.

Organizational Chart

The recommended organizational chart of the new transit department of the host entity for the mid-term, see **Figure 5**, is similar to the near-term: the Transit Manager reports directly to the Director of Public Works, while the governing board of the host entity would be the governing body of the transit service. More drivers and a dispatcher would report to the Transit Manager. The host entity could consider adding a new position for a transit planner in the mid-term when the transit service starts to expand and if additional funding becomes available.

Figure 5: Proposed Organizational Chart for the Mid-Term





Coordination with Other Operators: Intergovernmental Agreements

Similar to the near-term, sharing functions based on intergovernmental agreements among transit operators could continue in the mid-term. With the coordinating experience in the near-term, the operators could potentially improve the terms of the intergovernmental agreements and expand the areas of shared functions in furtherance of coordination with each other.

5.2.3 Long-Term Recommendation

Intergovernmental Public Transportation Authority (IPTA)

In the long-term, it is recommended that an IPTA to be established to operate county-wide transit services. IPTA is an independent agency authorized by Arizona Statutes (A.R.S. § 28-9101-9143) to provide public transportation services for counties with a population of 200,000 or less, for which Gila County is qualified.

This governance model would be particularly advantageous for a region with increasing need for regional transit service. An IPTA has an independent board, to which interested municipalities and/or tribes could appoint representatives. The independent board of the IPTA allows municipalities and/or tribes to directly participate in the governance of transit. The independent status provides the IPTA more autonomy in making managerial and operational decisions that would better reflect the needs of the riders.

Interested municipalities and/or tribes could petition the County Board of Supervisors to form an IPTA. Subject to the County Board of Supervisors' approval, an IPTA would be formed. Member municipalities and/or tribes have the power to appoint representatives to the governing board of the IPTA. In order for the IPTA to better serve the region, its board membership should reflect municipalities/tribes served by the IPTA and their funding contribution.

The state statute provides for flexibility for an IPTA to expand its membership. An IPTA could accept municipalities or tribes as new members at a later date. That allows some municipalities and/or tribes in the region to form the IPTA first and expand over time.

Transition from the Host Entity to IPTA

If an IPTA is formed, the host entity could transfer the transit assets and service operations to the IPTA. IPTA could become the recipient of federal and local funding for transit. The host entity could transfer all transit assets and service to the IPTA. For a transition period, the host entity may continue to provide administrative support functions for the IPTA.



6. GOVERNANCE IMPLEMENTATION PLAN

This section lays out a potential implementation plan for the two recommended alternatives of governance changes specified in **Section 5**.

6.1 ALTERNATIVE 1: IPTA EXPLORATORY COMMITTEE

It is recommended that an IPTA exploratory committee be established to coordinate, oversee, and implement the interim steps that would eventually lead to the formation of an IPTA to govern and operate transit in Gila County. This section lays out the potential steps to form the exploratory committee and how the committee could prepare for the establishment of the IPTA.

6.1.1 **Formation of IPTA Exploratory Committee**

CAG, as the regional planning organization for Gila County, could lead the formation of the IPTA exploratory committee. At the conclusion of this study, as findings and recommendations have been presented and published, CAG could take the opportunity to invite the County, major transit operators, jurisdictions that contribute funding for transit, tribes, and other local communities within Gila County to form the exploratory committee. CAG could recommend the roles and responsibilities of the exploratory committee, which could potentially include

- Exploring establishing an IPTA for Gila County
- Making transit policy decisions for the County before the IPTA is established
- Coordinating transit governance, planning, and operations among transit operators within Gila County
- Facilitating consensus building on the principles, and eventually the specifics, of the governance and organization of the IPTA
- Implementing the steps necessary to formally establish the IPTA
- Overseeing the transition of transit assets and operations from current operators to the IPTA

CAG could convene a series of workshops to refine the roles and responsibilities of the exploratory committee, design the governance structure of the committee, and lay out the operating principles of the committee. Interested stakeholders would be invited to send representatives to the workshops to participate in the discussion. As the group reach general consensus on how the exploratory committee should be governed and how it should operate, CAG could lead the effort of drafting an intergovernmental agreement (IGA) according to the consensus. The group would then review, amend, and eventually finalize the IGA that memorializes the formation of the exploratory committee.

The exploratory committee could be initially formed to include only some transit operators and jurisdictions within Gila County, e.g. CAG, the County, Payson Senior Center, City of Payson, Town of Miami, and City of Globe., which have a more immediate interest in improving their transit governance and operational model. The membership could gradually expand to include other operators, jurisdictions, and tribes. The participating stakeholders would appoint representatives to serve on the exploratory committee.



6.1.2 Preparation to Form the IPTA

In preparation for forming the IPTA, the exploratory committee would play a key role in building consensus on the principles, and eventually the specifics, of the governance and organization model of the IPTA, including such aspects as membership, governing board composition, service area boundary, and funding commitment. The exploratory committee would also determine how the IPTA would be funded. The IPTA would likely become the major subrecipient of FTA funds through ADOT in Gila County. The IPTA could inherit current local transit funding and the exploratory committee could determine whether additional local funds would be contributed for IPTA. A memorandum of understanding (MOU) may be executed to memorialize the consensus reached.

Once a group of municipalities and/or tribes have reached consensus on the governance and organization model of the IPTA, the group may petition the County Board of Supervisor to form the IPTA. The County Board of Supervisors would then need to host a public hearing to gather public input on forming the IPTA. If the County Board of Supervisors determines that forming an IPTA is in the interest of the public, the Board could then formally establish the IPTA by a resolution.

Once the IPTA is formed, members of the IPTA could appoint representatives to the IPTA board. The board would then take over the responsibilities of governing the authority. As its first actions, the board would hire the IPTA executive team and oversee the transfer of transit assets and operations from existing operators to the IPTA. After that, the IPTA executive team would be responsible for the day-to-day operations and planning of transit service.

6.2 ALTERNATIVE 2: INTERIM COUNTY-WIDE OPERATOR

The implementation plan for Alternative 2 includes immediate next steps for the near-term changes and planning for mid- and long-term changes.

6.2.1 Immediate Next Steps for the Near-Term Changes

In the near-term, the major, immediate changes are to establish a new department within the host entity for public transit and for the Payson Senior Center to hand over operations of Beeline Bus. Other key actions include to establish the Transit Advisory Committee and explore possibility of intergovernmental agreements with other operators. It is recommended that the host entity starts coordination with the Town of Miami early to plan for the transition of Copper Mountain Transit. This section lays out the immediate next steps for the near-term in an approximately chronological sequence. A tabular summary of recommended actions can be found in **Appendix 2**.

Establishing a New Department for Transit

The initial steps for the host entity would be to:

- Develop consensus between the host entity and Payson Senior Center for the general principles of handing over Beeline Bus operations to the host entity, which could be memorialized in an MOU between the two parties



- Obtain any approval required to implement the recommended governance changes, e.g. from the governing board of the host entity;
- Establish a new transit department, which could be within the Public Works Division of the host entity, if the host entity is a municipality;
- Set up an enterprise fund for public transit; and
- Appoint a Transit Manager to oversee the transit operations. Subject to funding availability, the host entity could hire a full-time employee for the position. Alternatively, the host entity could appoint an existing employee to oversee the transition and transit operations on a part-time basis, and then hire a full-time Transit Manager when the host entity takes over the funding and operations of Copper Mountain Transit.

Transition of Beeline Bus

Once a new transit department is established, the host entity and the Payson Senior Center would need to cooperate closely for the transition of Beeline Bus operations by taking the following steps:

- The host entity and the Payson Senior Center to develop a detailed transition plan for Beeline Bus and enter into an agreement for the transition. The transition plan and agreement should specify the obligations of each party and a timeline for the transition.
- The host entity and Payson Senior Center to notify ADOT of the transition plan and coordinate with ADOT to plan for the upcoming funding application cycle.
- The host entity to develop a detailed budget for Beeline Bus operations, including indirect costs allocation, which would be the basis of the funding application to ADOT.
- The host entity or Payson Senior Center, depending on the progress of transition when the application cycle begins, to submit funding application to ADOT.
- If ADOT cannot allocate sufficient funds as applied, the host entity would need to identify ways to raise additional funds or reduce operating costs for the near-term. The host entity could consider to include assigning an existing employee to oversee transit for the near-term, postponing hiring a full-time Transit Manager to the mid-term, (2) seek temporary funding for the near-term from the State and/or local jurisdictions, or (3) reducing service if the County has exhausted all other means.
- Payson Senior Center to transfer transit assets, mainly vehicles, to the host entity. Since the vehicles are federally funded, the host entity and Payson Senior Center would need to coordinate with ADOT for the transfer.
- The host entity to prepare for the operations of transit vehicles, including assigning vehicles to garages, planning for vehicle maintenance, and hiring drivers. Assuming that the host entity would be able to maintain the same service that Beeline Bus currently operates, the host entity could consider hiring the current Beeline Bus drivers who are already familiar with the service, operations, and riders. That could also help ensure continuation of the service with minimal impacts on riders' experience.



- The host entity to provide training for employees from various departments for management tasks specific to transit, for example, FTA compliance, payroll management for transit drivers, and vehicle maintenance for specific vehicle types.

Forming the Transit Advisory Committee

As the host entity takes over operations of Beeline Bus, the host entity will be required by ADOT to form a Transit Advisory Committee. It is recommended that:

- Transit Manager and the chief executive of the host entity to recommend the roles and responsibilities of the Transit Advisory Committee to the governing board of the host entity for approval;
- The host entity will determine potential representatives to invite to join the TAC. This may include local municipalities, stakeholders, transit representatives and tribes, although specific makeup of the Transit Advisory Committee is not specified by ADOT. The host entity will inform representatives of the roles, responsibilities, powers, and membership of the Committee, which would then be memorialized in the bylaws of the Committee;
- The host entity and interested local municipalities, stakeholders, transit representatives and tribes will appoint representatives to serve on the Transit Advisory Committee; and

Intergovernmental Agreements

In parallel to the transition of Beeline Bus operations, the host entity and other transit operators, including Copper Mountain Transit, the tribal operators, and human service transportation operators in the area, could explore opportunities for enhanced cooperation through intergovernmental agreements for sharing transit functions.

Planning for Transition of Copper Mountain Transit

Although a transference of Copper Mountain Transit to the host entity is recommended for the mid-term, the host entity and the Town of Miami could start planning for the transition. As indicated in the analysis conducted for this study, the potential benefits of improved regional transit service and efficiency gain would not materialize until the host entity consolidates operations of Beeline Bus and Copper Mountain Transit. It is to the region's advantage if the transference of Copper Mountain Transit could occur as soon as feasible.

6.2.2 Planning for the Mid-Term and Long-Term Changes

Mid-Term Planning

For the mid-term, the process of the transference of Copper Mountain Transit to the host entity would be similar to that of Beeline Bus operations. One major difference is that the Town of Miami provides more support functions for transit, the costs of which are allocated to transit as indirect costs. After the host entity assumes operations of Copper Mountain Transit, the Town will lose the transit funding that it receives today, which may result in personnel layoffs and lost revenue. The Town would need to identify a solution as it coordinates with the host entity for the transition.



Long-Term Planning

For the long-term, it is recommended that an IPTA be formed to provide transit service for Gila County.

Support from the general public for transit would be critical from both procedural and funding perspectives. Procedurally, the formation of an IPTA requires the approval of the County Board of Supervisors after the County Board holds a public hearing. In terms of funding, the IPTA will need additional local funding to provide new and better services in the future. Approval of additional funding for transit will greatly depend on public support. It is never too early to understand the needs for transit in the area and educate the public about the benefits of transit generally through proactive public outreach. After the host entity assumes operations of both Beeline Bus and Copper Mountain Transit, public outreach could focus more specifically on forming an IPTA.

With support from the general public, the interested municipalities and tribes could start developing consensus on the principals of forming the IPTA. Key areas of consensus would include governance structure, in particular board composition and voting power, as well as funding contribution and a shared vision of transit service. The consensus should be memorialized, which would eventually become the basis for agreements that form the IPTA.

The participating municipalities and tribes could then appoint board members after entering into agreements to form the IPTA. The board could then carry on the responsibilities to develop the policies and strategies for the IPTA, hire the executives, and oversees the transition of the transit operations from the host entity and eventually the ongoing planning and operations of the transit service.



7. TITLE VI IMPLEMENTATION ACTIVITIES

In compliance with the Title VI of the Civil Rights Act of 1964 and other non-discrimination authorities, the Transportation Department of the CAG assured through its policies and procedures that no person was excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, and national origin under this study.

The primary goal of the study was to evaluate transit governance models and create a blueprint to guide the governance, management, and implementation of public transportation services in Gila County. The study did not include any recommendations for transit service changes or expansion of transit services within Gila County. Therefore, Limited English Proficiency 4 factor analysis was not conducted as part of this study. However, a Stakeholder Participation Plan was developed to make sure that city/town staff, elected officials, transit agency staff members, and key stakeholders throughout Gila County get an opportunity to participate in the study and voice their needs, concerns, and suggestions about regional transit governance structure.

7.1 CAG'S TITLE VI NOTICE TO THE PUBLIC

Aligning with CAG's Title VI Non-Discrimination Program Implementation Plan, [CAG's Title VI notice to the public](#) was read out, as noted below, at every stakeholder meeting, including TWG meetings and stakeholder workshops.

“The Central Arizona Governments (CAG) hereby gives public notice that it is the Agency’s policy to assure full compliance with Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, and related statutes and regulations in all programs and activities. Title VI requires that no person shall, on the grounds of race, color, and/or national origin be excluded from the participation in, be denied the benefits of, or be otherwise subjected to discrimination under any Federal Aid Highway program or other activity for which CAG receives Federal financial assistance.

Any person, who believes his/her Title VI protection has been violated, may file a complaint. Any such complaint must be in writing and filed with the CAG Title VI/ADA Program Coordinator, which is myself, Travis Ashbaugh, within one hundred eighty (180) days following the date of the alleged discriminatory occurrence. Title VI Discrimination Complaint Forms may be obtained from the CAG Office, website, or you can reach me directly at tashbaugh@cagaz.org or 480-474-9300.”



The following sections note the dates for the TWG meetings and stakeholder workshops and lists the attendees.

7.1.1 TWG Meetings

Eight TWG meetings were conducted on the following dates:

- September 3, 2020
- October 29, 2020
- December 9, 2020
- January 21, 2021
- March 22, 2021
- April 22, 2021
- June 2, 2021
- July 22, 2021

A list of individuals that attended at least one of the TWG meetings is included in **Table 4**.

Table 4: TWG Meetings – Attendees List

Name	Agency
Bernadette Kniffin	Nnee Bich' o Nii Transit
David Francis	San Carlos Apache Tribe
Cassie Kenton-Garcia	White Mountain Apache Tribe
Marsha Ashcroft	Horizon Health and Wellness
Joanne Conlin	Payson Senior Center
Mike Marryat	Payson Senior Center
Trevor Fleetham	Town of Payson
Larry Halberstadt	Town of Payson
Micah Gaudet	Town of Miami
Katie Dwoznik	Copper Mountain Transit
Michael O'Driscoll	Gila County
Cathy Melvin	Gila County
James Menlove	Gila County
Jill Dusenberry	ADOT
Sylvia Kerlock	Town of Winkelman
Travis Ashbaugh	CAG
Robert Mawson	CAG



7.1.2 Stakeholder Workshops

On March 3rd, 2021, a set of stakeholder workshops were conducted. Workshop invitations were sent to all transit service agency staff, Councilmembers representing all Gila County communities/tribes, the Gila County Board of Supervisors, and the City/Town/County Managers and key staff personnel. Information presented was same in each workshop and attendees were asked to attend one of the two scheduled times. A list of individuals that attended at least one of the workshops is included in **Table 5**.

Table 5: Stakeholder Workshops – Attendees List

Name	Agency
Transit Agency Staff	
Joanne Conlin	Payson Senior Center – Beeline Bus
Katie Dwoznik	Copper Mountain Transit
Bernadette Kniffin	Nnee Bich'o Nii Transit
David Francis	Nnee Bich'o Nii Transit
Angelo Belvado	Nnee Bich'o Nii Transit
Cassie Kenton-Garcia	Fort Apache Connection Transit
City/Town Staff and Elected Officials	
Al Gameros	City of Globe – Mayor
Freddy Rios	City of Globe – Councilmember
Mike Pastor	City of Globe – Councilmember
Sammy Gonzales	City of Globe – Mayor
Cathy Melvin	Gila County – Executive Assistant
James Menlove	Gila County – County Manager
Homero Vela	Gila County – Assistant County Manager
Sherry Grice	Gila County
Steve Christensen	Gila County – Supervisor District 1
Tim Humphrey	Gila County – Supervisor District 2
Jose Angel Medina Sr	Town of Miami – Councilmember
Barbara Underwood	Town of Payson – Councilmember and Payson Senior Center
Jim Ferris	Town of Payson – Councilmember



Name	Agency
Jolynn Schinstock	Town of Payson – Councilmember
Tom Morrissey	Town of Payson – Mayor
Larry Halberstadt	Town of Payson – Town Engineer
Trevor Fleetham	Town of Payson
Troy Smith	Town of Payson – Town Manager
Mike Marryat	Payson Senior Center – Director of Operations
Study Team Members	
Travis Ashbaugh	Central Arizona Governments
Robert Mawson	Central Arizona Governments – Mobility Manager
Jill Dusenberry	Arizona Department of Transportation – Transit Manager
Consultant Team	AECOM – Jennifer Love, Daksha Masurkar, Viktor Zhong, Scott Baker Kittelson & Associates – Vamshi Yellisetty, Phyllis Davis Rick Powers Consulting – Rick Powers

7.2 [STUDY WEBPAGE](#)

At the commencement of the study, a webpage was developed to host all information related to the study, including the work plan, working papers, and documents developed for TWG meetings and stakeholder workshops. The intent of developing a study webpage was to make the documents are accessible to stakeholders and public at any given time during the study. The study webpage hosted the following working papers and related documents:

- Working Paper 1: Existing Transit Services and Governance Structures
- Working Paper 2: Governance Peer Agency Review
- Stakeholder Interview Summary
- Stakeholder Workshop (1) Summary
- Technical Working Group presentations and Summary Notes

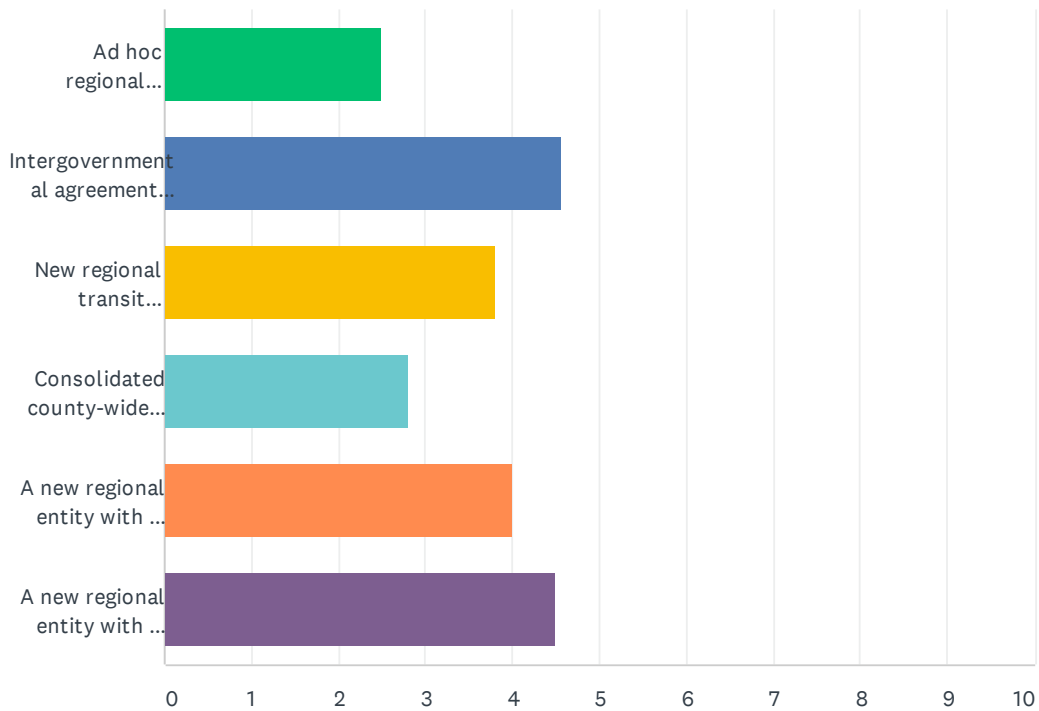
The working papers and other background information related to the study can be obtained upon request through CAG.



APPENDIX 1. TWG ONLINE SURVEY RESULTS

Q5 What do you think is/are the appropriate form(s) of governance for regional transit? Please rank the following governance forms, with “1” indicating most appropriate and “X” indicating not an appropriate form that should be considered. Please provide any other additional suggestions in the following comment box.

Answered: 7 Skipped: 0



Survey - CAG Gila County Transit Governance Study

	1	2	3	4	5	6	X	TOTAL	SCORE
Ad hoc regional coordination through existing institutional arrangements, e.g. CAG or ongoing bi-lateral communications between transit operators	0.00% 0	0.00% 0	0.00% 0	42.86% 3	0.00% 0	14.29% 1	42.86% 3	7	2.50
Intergovernmental agreements (IGAs) to formalize arrangements between two or more jurisdictions to address specific needs, e.g. to jointly fund a route that serves both jurisdictions or establish a county-wide call center	28.57% 2	28.57% 2	28.57% 2	0.00% 0	14.29% 1	0.00% 0	0.00% 0	7	4.57
New regional transit services governed, planned, and operated by Gila County; existing transit operators continue to operate service independently	0.00% 0	28.57% 2	14.29% 1	14.29% 1	14.29% 1	0.00% 0	28.57% 2	7	3.80
Consolidated county-wide transit services governed, planned, and operated by Gila County	14.29% 1	0.00% 0	14.29% 1	0.00% 0	14.29% 1	28.57% 2	28.57% 2	7	2.80
A new regional entity with an independent board of multi-jurisdictional membership, which plans and operates selected regional transit services; existing transit operators continue to operate service independently	28.57% 2	14.29% 1	0.00% 0	28.57% 2	0.00% 0	14.29% 1	14.29% 1	7	4.00
A new regional entity with an independent board of multi-jurisdictional membership, which plans and operates all transit service within Gila County	28.57% 2	14.29% 1	28.57% 2	0.00% 0	14.29% 1	0.00% 0	14.29% 1	7	4.50

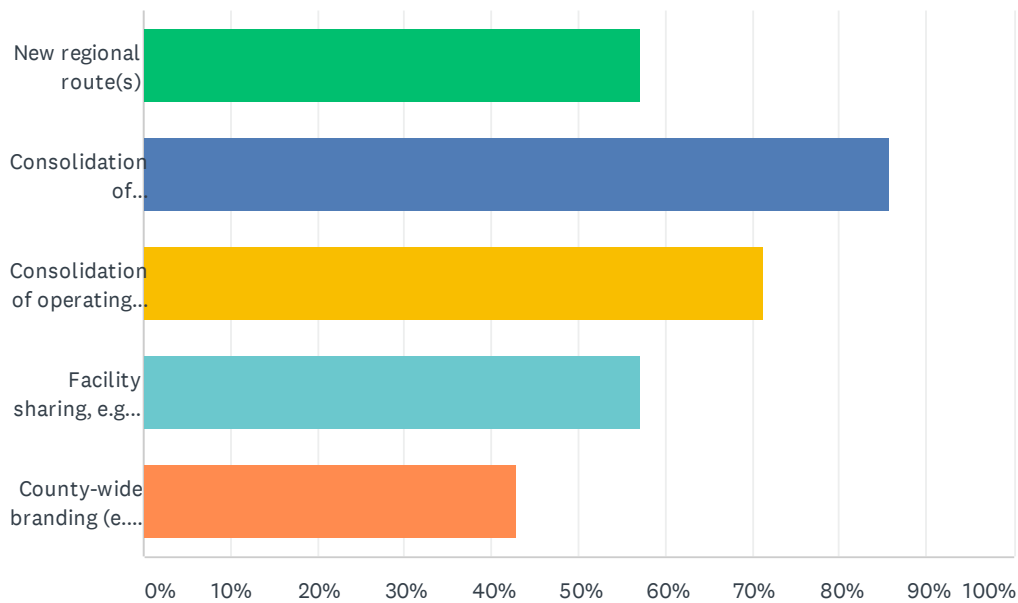
Q6 If you have any other suggestions regarding appropriate form(s) of governance for regional transit then please comment below:

Answered: 2 Skipped: 5

#	RESPONSES	DATE
1	n/a	1/20/2021 12:35 PM
2	Not at this time.	1/14/2021 7:29 PM

Q7 Which of the following administrative and/or operating functions do you think are both advantageous and feasible for regionalization in the near future (1-5 years)? Please select one or more of the following.

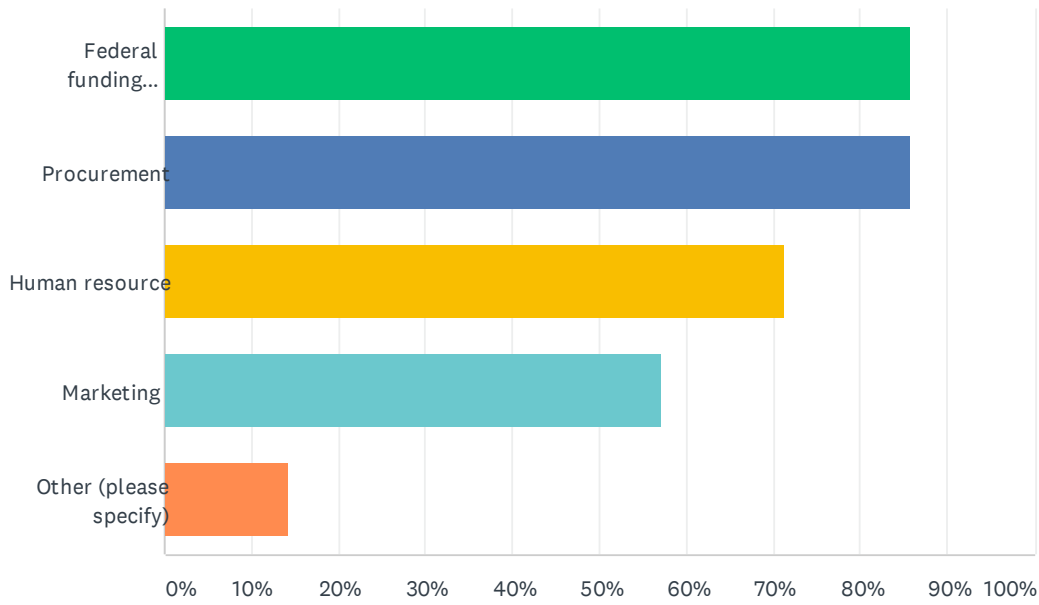
Answered: 7 Skipped: 0



ANSWER CHOICES	RESPONSES	
New regional route(s)	57.14%	4
Consolidation of administrative functions	85.71%	6
Consolidation of operating and maintenance functions	71.43%	5
Facility sharing, e.g. vehicle maintenance facilities and administrative office space	57.14%	4
County-wide branding (e.g. all transit operators within the county operate under the same brand name and logo)	42.86%	3
Total Respondents: 7		

Q8 If you selected “Consolidation of administrative functions” in Question 7, please select one or more of the following administrative functions that you think are advantageous and feasible for regionalization in the near future (1-5 years) and write in additional function(s) as necessary.

Answered: 7 Skipped: 0

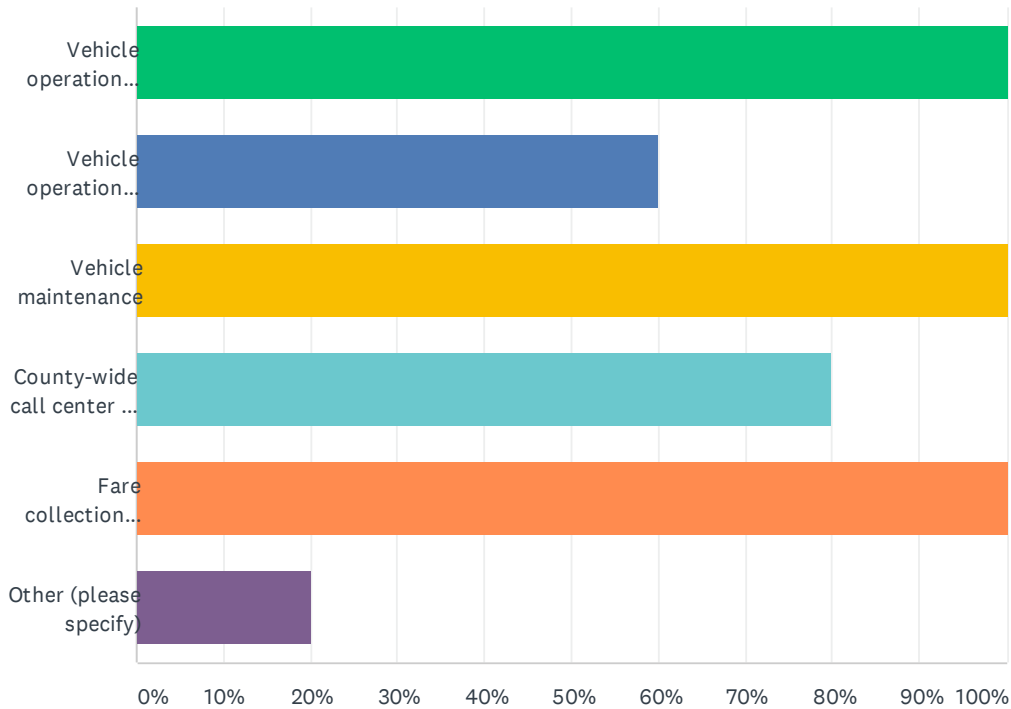


ANSWER CHOICES	RESPONSES
Federal funding application and administration	85.71% 6
Procurement	85.71% 6
Human resource	71.43% 5
Marketing	57.14% 4
Other (please specify)	14.29% 1
Total Respondents: 7	

#	OTHER (PLEASE SPECIFY)	DATE
1	Not interested in consolidating fundings no need we are here already delivering public transit services need to establish an IGA and connect transit services with SC, WMAT, Globe and Payson. Why reinvent the wheel? Let's get going by IGA.	1/16/2021 7:22 AM

Q9 If you selected “Consolidation of operating and maintenance functions” in Question 7, please select one or more of the following administrative functions that you think are advantageous and feasible for regionalization in the near future (1-5 years) and write in additional function(s) as necessary.

Answered: 5 Skipped: 2



ANSWER CHOICES	RESPONSES
Vehicle operation (fixed routes)	100.00% 5
Vehicle operation (demand response)	60.00% 3
Vehicle maintenance	100.00% 5
County-wide call center for demand response service scheduling and customer service	80.00% 4
Fare collection (e.g. coordinated fare policy, free transfer, mutually recognized fare pass, county-wide retail network for fare pass, mobile ticketing app, etc.)	100.00% 5
Other (please specify)	20.00% 1
Total Respondents: 5	

#	OTHER (PLEASE SPECIFY)	DATE
1	Vehicle sharing (should one part of the region need a temporary vehicle replacement; would imagine it would be less bureaucracy to borrow/move vehicles around where the need is under one entity than to get approval through ADOT to allow one entity to loan a vehicle to another entity. Driver Sharing - (Allows for flexibility should a driver quit and there is a need to fill a gap so that routes and schedules stay whole)	1/14/2021 7:29 PM

Q10 Do you see any disadvantages and barriers, or do you have any concerns about regional transit governance?

Answered: 3 Skipped: 4

#	RESPONSES	DATE
1	Residents will not be in favor of any increased fares. San Carlos transportation system will unlikely want to be part of any consolidation.	1/20/2021 12:35 PM
2	There are no barriers we can do all this through an IGA with Coordinated runs but continue to operate by the hybrid model. We are here to partner.	1/16/2021 7:22 AM
3	Concern is in finding the right personnel to get the entity running in the right direction so as to not ruin what's existing. Also, finding a consistent and/or dedicating funding source to help the programs along.	1/14/2021 7:29 PM

Q11 Do you have any other comments to share with us?

Answered: 3 Skipped: 4

#	RESPONSES	DATE
1	no	1/20/2021 12:35 PM
2	This study almost seems as it is evident that we need connector routes established by an IGA at this time we are not in favor of consolating funding or Administrative or Maintenance or new boards to tell us what do with no experience in operating a public transit agency. This is not an easy job. No infrastructure is available for this at this time for short term planning.	1/16/2021 7:22 AM
3	Political buy in is key.	1/14/2021 7:29 PM



APPENDIX 2. RECOMMENDED IMPLEMENTATION PLANS

Appendix 2 documents the recommended implementation plans for the two alternative processes that lead to the recommended governance changes.

ALTERNATIVE 1: IPTA EXPLORATORY COMMITTEE

For Alternative 1, **Table 6** presents the recommended actions for forming an IPTA through first establishing an exploratory committee. The actions are listed approximately in the sequence that they should be carried out.

Table 6: Recommended Implementation Plan for Forming an IPTA (Alternative 1)

	Action	Responsible Party	Tentative Timeframe
1	Convene workshops to discuss and reach consensus on the guiding principles for the IPTA exploratory committee	CAG	By the end of Calendar Year 2021
2	Draft an intergovernmental agreement (IGA) to memorialize the formation and principles for the exploratory committee	CAG	
3	Refine and finalize the IGA	CAG and other participating stakeholders	
4	Execute the IGA and officially form the IPTA exploratory committee	CAG and other participating stakeholders	By March 2022
5	Make transit policy decisions for the County before an IPTA is established	Exploratory Committee	Ongoing process before an IPTA is formed
6	Coordinate transit governance, planning, and operations among transit operators within Gila County	Exploratory Committee	
7	Facilitate consensus building and memorialize the consensus in a memorandum of understanding regarding the principles and any specifics of the governance, funding, and organization of the IPTA	Exploratory Committee	
8	Petition the County Board of Supervisors to form an IPTA	Governing body(ies) of any municipality(ies) and/or tribe(s) within Gila County	
9	Hold a public hearing on the petition to form an IPTA	County Board of Supervisors	After interested municipalities and/or tribes have established consensus and commitment to form the IPTA
10	Approve petition to form an IPTA	County Board of Supervisors	
11	Establish the IPTA by a resolution	County Board of Supervisors	



	Action	Responsible Party	Tentative Timeframe
12	Appoint representatives to the IPTA board	Member municipalities and/or tribes of the IPTA	After the IPTA is officially formed
13	Establish IPTA management team by filling the executive positions, e.g. general manager	IPTA board	
14	Transfer transit assets and operations from current operators to the IPTA	Current transit operators and IPTA management	

ALTERNATIVE 2: INTERIM COUNTY-WIDE TRANSIT OPERATOR

For Alternative 2, **Table 7** presents the recommended actions for implementing the governance changes in the near-term. The actions are listed approximately in the sequence that they should be carried out. In parallel to the actions listed below, the host entity could also (1) coordinate with the Town of Miami for the transition of Copper Mountain Transit and (2) coordinate with the tribal transit operators and human service transportation operators to explore potential areas for cooperation through intergovernmental agreements.

Table 7: Recommended Implementation Plan for Near-Term Changes (Alternative 2)

	Action	Responsible Party	Tentative Timeframe
1	Develop consensus for the general principles of handing over Beeline Bus operations to the host entity, memorialized in an MOU	Host entity and Payson Senior Center	By the end of the Calendar Year 2021
2	Obtain approval from the governing body of the host entity to implement recommended governance changes	Host entity	
3	Establish a new transit department		
4	Develop a detailed transition plan for Beeline Bus		
5	Enter into a transference agreement	Host entity and Payson Senior Center	
6	Coordinate with ADOT to plan for the upcoming funding application		
7	Develop a detailed budget for Beeline Bus operations		
8	Prepare and submit funding application to ADOT	Host entity or Payson Senior Center	December 2021 – February 2022



	Action	Responsible Party	Tentative Timeframe
9	Identify additional funds or reduce operating costs for the near-term (if funding is insufficient)	Host entity in coordination with municipalities served by Beeline Bus	January – June 2022
10	Set up an enterprise fund for transit	Host entity in coordination with Payson Senior Center	
11	Appoint a Transit Manager		
12	Develop an operations plan for Beeline Bus		
13	Hire Beeline Bus drivers		
14	Provide training for employees from various departments providing support functions		
15	Transfer transit assets, mainly vehicles, to the host entity	Payson Senior Center and the host entity in coordination with ADOT	July – December 2022
16	County begins to operate Beeline Bus	Host entity	
17	Transit Manager and the chief executive of the host entity to recommend the roles and responsibilities of the Transit Advisory Committee to the governing body of the host entity for approval	Host entity	July 2022 and beyond
18	Convene representatives from local municipalities to discuss formation of the Transit Advisory Committee	Host entity in coordination with local municipalities	
19	Develop bylaws for the Transit Advisory Committee		
20	Appoint members to the Transit Advisory Committee and start functioning according to the bylaws		



APPENDIX 3. FINANCIAL IMPACT ANALYSIS

The recommended governance model changes for transit are expected to have financial impacts on transit operations. During the study, stakeholders requested a detailed analysis of the financial impacts of designating an interim host entity for county-wide transit operations, i.e. Alternative 2. This section analyzes potential financial impacts, both in terms of funding and costs, as a result of the alternative in question. As an example, and for the purpose of this analysis only, Gila County was assumed to be the host entity for county-wide transit operations. Being a major governmental entity in the region with comprehensive administrative capacity and existing vehicle maintenance capability, the County has well-established historical financial data to support the analysis. If Alternative 2 is adopted for implementation, the host entity could be the County, another governmental entity, or a nonprofit organization.

FUNDING

a. Federal Transit Funds

Both Beeline Bus and Copper Mountain Transit receive FTA formula funds through the State. The recommended governance model changes will likely have minimal impacts on federal transit funding level. The funding level of the FTA formula programs is independent from the governance model of transit operations. On the other hand, if the level of coordination and cooperation continues to grow, Gila County, and the IPTA in the long-term, may be in a better position to secure federal funds if the Congress is to increase total transit funding level in the future.

When the County plans to take over operations of Beeline Bus in the near-term, ADOT's two-year funding application cycle should be taken into consideration. The next application cycle will start in December 2021, which may coincide with the transition of Beeline Bus operations from Payson Senior Center to the County. As the County and Payson Senior Center implement the near-term changes, they should coordinate with ADOT to plan for the upcoming funding application cycle. The County should develop a detailed budget for Beeline Bus operations and make sure that the funding application to ADOT closely reflects the funding needs. Although there is no guarantee that ADOT could allocate sufficient funds to meet the entire funding needs applied for, the County may be able to secure more funds than Payson Senior Center receives today.

b. Local Transit Funds

Prior to the COVID-19 pandemic, local funds for Beeline Bus and Copper Mountain Transit come from the County, Town of Payson, Town of Star Valley, Town of Miami, and City of Globe. Since the COVID-19 outbreak, CARES Act funds covered the local shares portion. In the near-term, it is expected that the current local funding contribution would continue as long as the County maintains the existing services. In the mid- and long-term, additional local funds would be required if new services are to be added.



In terms of funding administration, the County, as the operator for Beeline Bus and Copper Mountain Transit, and also due to its larger capacity, would be in strong position to administer all local funds dedicated to Beeline Bus and Copper Mountain Transit services.

COSTS

A cost impact analysis was conducted for the recommended near- and mid-term governance changes. The objectives are to understand how the recommended changes would impact the total operating costs compared to the status quo, assess the financial feasibility of the recommended changes, and anticipate any benefits and challenges that the recommended changes would lead to.

The analysis compares the projected operating costs of both Beeline Bus and Copper Mountain Transit in both the near-term and the mid-term to the current level. The analysis assumes that the service level would not change in the near-term or the mid-term.

Major sources of data used for the analysis include:

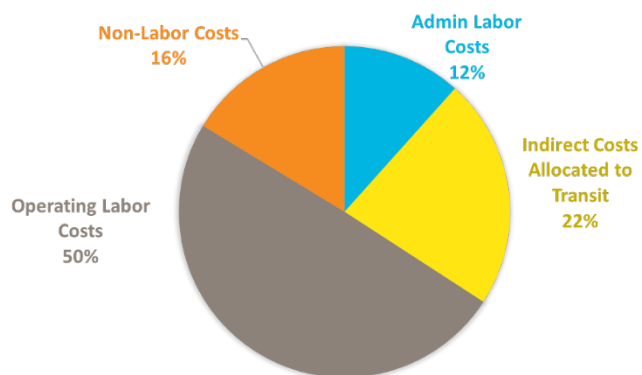
- Budgets of Beeline Bus and Copper Mountain Transit
- Budgets of Gila County and the Town of Miami
- Indirect Cost Allocation Plan of Gila County
- Indirect Cost Allocation Plan of the Town of Miami

Operating costs are broken down into four areas for the analysis:

- Administrative labor costs
- Indirect costs allocated to transit
- Operating labor costs
- Non-labor costs

Figure 6 shows the current composition of transit operating costs for Beeline Bus and Copper Mountain Transit combined. Operating labor is the largest category of operating costs.

Figure 6: Composition of Current Transit Operating Costs (Beeline Bus & Copper Mountain Transit Combined)



This section first summarizes the overall projected cost impacts and then lays out the methodology, key assumptions, and the results of the projected cost impacts in each of those four areas.

a. Summary of Overall Projected Cost Impacts

The analysis indicates that total operating costs would likely increase in the near-term when the County assumes the operations of Beeline Bus only, due to higher administrative and operating



labor costs; but the total operating costs would decrease in the mid-term to a level below the current total operating costs of the two services as a result of economy of scale when the County assumes operations of both services.

Table 8 summarizes the results of the cost impact analysis. These estimates are based on a series of assumptions about governance, organizational, and operational changes in the future. The assumptions adopted for the analysis are generally more conservative, which means the overall result probably falls on the higher end of the range of possible cost impact. The methodology of the analysis also has its limitations and as a result, potential cost saving in non-labor costs is not quantified. Furthermore, the cost impact analysis does not take into consideration the possibility of additional funding that could cover some or all of the cost increase in the near-term.

Table 8: Change in Annual Transit Operating Costs (Beeline Bus and Copper Mountain Transit Combined) Compared to the Status Quo

	Near-Term v. Status Quo		Mid-Term v. Status Quo	
	Cost Impact in \$	Cost Impact in %	Cost Impact in \$	Cost Impact in %
Administrative labor costs	+\$17,328	+19%	-\$37,592	-40%
Indirect costs allocated to transit	+\$57,160	+35%	-\$20,403	-12%
Operating labor costs	+\$23,045	+6%	+\$22,245	6%
Non-labor costs¹	-	-	-	-
Total	+\$97,533	+13%	-\$35,750	-5%

In the near-term, cost is expected to increase in three of the four areas compared to the status quo:

- Administrative labor costs are expected to increase. Today, Payson Senior Center has no full-time administrative staff for transit. The Beeline Bus service relies on a very lean administrative staff that split their time between transit and other functions that Payson

¹ Potential impacts on non-labor costs are not quantified. Cost saving in non-labor costs is anticipated in both near- and mid-term due to economy of scale, i.e. the County could purchase goods and services in larger quantity and at a lower price. Reliable estimation of such cost saving requires more granular details of organizational and operational changes than what can be reasonably determined at this stage. Therefore, potential non-labor cost saving is not quantified.



Senior Center operates. It is assumed for this analysis that, when Beeline Bus transitions to the County, the County would hire a full-time Transit Manager.²

- Indirect costs allocated to transit are also expected to increase. Payson Senior Center does not allocate any indirect costs to transit. It is assumed that the County, however, will allocate the costs of all support services that it provides for transit.
- Operating labor costs are expected to increase, mainly due to increase in drivers' fringe benefits. The fringe benefits that the Beeline Bus drivers receive today ranges from 10% to 15% of their wages, whereas the average fringe benefit rate of the County's employees is approximately 40%. It is assumed that when Beeline Bus is handed over to the County, the same number of drivers would be paid the same wages but receive higher fringe benefits, i.e. at 40% of their wages.³
- Non-labor costs are expected to decrease due to economy of scale, i.e. the County could purchase goods and services in larger quantity and at a lower price. Cost saving would be particularly likely in vehicle maintenance, insurance, and bulk purchase of supplies. However, the potential cost saving or efficiency gain is not quantified. Reliable estimation of such cost saving requires more granular details of organizational and operational changes than what can be reasonably determined at this stage. Therefore, potential non-labor cost saving is not quantified.

In the mid-term, administrative labor costs and indirect costs allocated to transit are expected to decrease compared to the status quo; operating labor costs are expected to increase compared to the status quo; non-labor cost impacts are not quantified. Overall, operating costs are expected to decrease in the mid-term compared to the status quo, mainly due to economy of scale.

- Administrative labor costs are expected to decrease. As the County assumes the operations of Copper Mountain Transit, the administrative functions of Beeline Bus and Copper Mountain Transit can be consolidated, which would lead to cost saving or efficiency gain.
- Indirect costs allocated to transit are also expected to decrease. The County, with its much larger staff, can provide the support functions that transit needs more efficiently than the Town of Miami.
- Operating labor costs are expected to increase for the same reason as the near-term, i.e. increase in drivers' fringe benefits. As the Town of Miami has similar fringe benefits

² In reality, a part-time Transit Manager may be sufficient for the near-term. If the Transit Manager is a part-time position in the near-term, the cost increase would be smaller than estimated in this analysis.

³ Note that in reality, part-time drivers may not receive the full 40% fringe benefits, depending on the number of hours they work per week. If the drivers are not eligible for the full 40% fringe benefits, the near-term cost increase would be smaller than estimated in this study.



rate as the County, both at about 40%, the increase would be largely limited to the drivers of Beeline Bus.⁴

- Non-labor costs are expected to decrease due to economy of scale, but they are not quantified for the same reason as stated for the near-term.

To reiterate, the analysis projects that in the near-term, the total operating costs of both Beeline Bus and Copper Mountain Transit would increase by \$97,533, or 13%, compared to the current operating cost level, but that estimate would likely be on the higher end of the possible range of cost increase; and in the mid-term, the total operating costs of both Beeline Bus and Copper Mountain Transit would decrease by \$35,750, or 5%, compared to the current operating cost level. The cost saving or efficiency gain in the mid-term would likely be greater when cost saving in non-labor costs is quantified.

b. Administrative Labor Costs

The analysis of administrative labor costs impact is based on the following assumptions:

- The County will hire a full-time Transit Manager in the near-term and the mid-term.⁵
- Salary of the Transit Manager will be the same as the Transit Manager of Copper Mountain Transit today.
- Fringe benefits of the Transit Manager will be at 40% of salary, the average level of the County.
- Other administrative functions, to be provided by County, will be indirect costs allocated to transit.

Near-Term Cost Impact Estimates

In the near-term, it is projected that administrative costs would increase by \$17,328, compared to the status quo.

	Status Quo	Near-Term	Difference (Near-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Beeline Bus (Projected)	
Administrative Staff Salaries/Wages	\$ 34,000	\$ 39,520	

⁴ Note that in reality, part-time drivers may not receive the full 40% fringe benefits, depending on the number of hours they work per week. If the drivers are not eligible for the full 40% fringe benefits, the mid-term cost saving or efficiency gain would be greater than estimated in this study.

⁵ In reality, a part-time Transit Manager may be sufficient for the near-term. If the Transit Manager is a part-time position in the near-term, the cost increase would be smaller than estimated in this analysis.



	Status Quo	Near-Term	Difference (Near-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Beeline Bus (Projected)	
Administrative Staff Fringe Benefits (40% salary/wages)	\$ 4,000	\$ 15,808	
Total	\$ 38,000	\$ 55,328	+ \$ 17,328

Mid-Term Cost Impact Estimates

In the mid-term, it is projected that administrative costs would decrease by \$37,592, compared to the status quo.

	Status Quo			Mid-Term	Difference (Mid-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Copper Mountain Transit (FY2021 Budget)	Combined Total	Beeline Bus & Copper Mountain Transit (Projected)	
Admin Staff Salaries/Wages	\$ 34,000	\$ 39,520	\$ 73,520	\$ 39,520	
Admin Staff Fringe Benefits (40% of Salary/Wages)	\$ 4,000	\$ 15,400	\$ 19,400	\$ 15,808	
Total	\$ 38,000	\$ 54,920	\$ 92,920	\$ 55,328	- \$ 37,592



c. Indirect Costs Allocated to Transit

The analysis of indirect costs allocated to transit is based on the following assumptions:

- The County will provide administrative support functions and vehicle maintenance, costs of which will be allocated to transit as indirect costs.
- Indirect cost allocation will be largely based on the County's most recent Indirect Cost Allocation Plan. Bases of allocation used include expenditures, number of employees, and grant expenditures. Indirect cost allocation is based on the following formula:

$$\% \text{ of Indirect Cost Allocated to Transit} = \frac{\text{Quantity of Allocation Basis of Transit}}{\text{Quantity of Allocation Basis of All User Departments}}$$

For example,

$$\% \text{ of Payroll Costs Allocated to Transit} = \frac{\text{Number of Employees of Transit}}{\text{Number of Employees of All User Departments}} = \frac{9.5}{580.5} = 1.64\%$$

- Indirect costs allocated include the following functions:
 - Administrative Services
 - Board of Supervisors
 - County Manager
 - Finance
 - Human Resources
 - Computer Services
 - Public Works (Vehicle Maintenance and Others)
- **Table 9** and **Table 10** are the calculation of indirect cost allocation for the near-term and mid-term. The costs in both tables are in 2019 dollars and the indirect costs allocated to transit are inflated to 2021 dollars for the analysis.



Table 9: Near-Term Indirect Cost Allocation (in 2019 dollars)

	Administrative Services	Board of Supervisors	County Manager	Finance ⁶	Payroll	Grant Reporting	HR	Computer Services	Public Works (Other)	Public Works (Vehicle Maintenance)
Basis of Allocation	Expenditure	Expenditure	Employees	Expenditure	Employees	Grant Expenditure	Employees	Expenditure	Expenditure	Expenditure
Quantity of Basis - Transit	\$260,613	\$260,613	3.5	\$260,613	3.5	\$199,390	3.5	\$260,613	\$260,613	\$260,613
Total Quantity of Basis	\$110,076,039	\$110,076,039	574.5	\$110,076,039	574.5	\$5,666,130	574.5	\$110,076,039	\$110,076,039	\$110,076,039
% Allocated to Transit	0.24%	0.24%	0.61%	0.24%	0.61%	3.52%	0.61%	0.24%	0.24%	0.24%
Allocable Costs	\$255,337	\$1,095,173	\$436,256	\$3,373,181	\$632,170	\$476,733	\$1,059,647	\$1,302,149	\$3,817,241	\$1,012,457
Allocated Costs	\$605	\$2,593	\$2,658	\$7,986	\$3,851	\$16,776	\$6,456	\$3,083	\$9,038	\$2,397
Total Allocated to Transit									\$ 55,442	
Indirect Cost Rate									21.3%	

Table 10: Mid-Term Indirect Cost Allocation (in 2019 dollars)

	Administrative Services	Board of Supervisors	County Manager	Finance ⁷	Payroll	Grant Reporting	HR	Computer Services	Public Works (Other)	Public Works (Vehicle Maintenance)
Basis of Allocation	Expenditure	Expenditure	# Employees	Expenditure	# Employees	Grant Expenditure	# Employees	Expenditure	Expenditure	Expenditure
Quantity of Basis - Transit	\$577,824	\$577,824	9.5	\$577,824	9.5	\$587,180	9.5	\$577,824	\$577,824	\$577,824
Total Quantity of Basis	\$110,393,250	\$110,393,250	580.5	\$110,393,250	580.5	\$6,053,920	580.5	\$110,393,250	\$110,393,250	\$110,393,250
% Allocated to Transit	0.52%	0.52%	1.64%	0.52%	1.64%	9.70%	1.64%	0.52%	0.52%	0.52%
Allocable Costs	\$255,337	\$1,095,173	\$436,256	\$3,373,181	\$632,170	\$476,733	\$1,059,647	\$1,302,149	\$3,817,241	\$1,012,457
Allocated Costs	\$1,336	\$5,732	\$7,139	\$17,656	\$10,346	\$46,239	\$17,341	\$6,816	\$19,980	\$5,299
Total Allocated to Transit									\$137,886	
Indirect Cost Rate									23.9%	

⁶ Includes general ledger, account payable, budget, procurement, revenue receipting.

⁷ Includes general ledger, account payable, budget, procurement, revenue receipting.



Near-Term Cost Impact Estimates

In the near-term, it is projected that indirect costs allocated to transit would increase by \$57,160, compared to the status quo.

	Status Quo		Near-Term		Difference (Near-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)		Beeline Bus (Projected)		
Administrative Overhead	\$	-	\$	55,167	
Vehicle Maintenance	\$	500	\$	2,493	
Total	\$	500	\$	57,660	+ \$ 57,160

Mid-Term Cost Impact Estimates

In the mid-term, it is projected that indirect costs allocated to transit would decrease by \$20,403, compared to the status quo.

	Status Quo			Mid-Term	Difference (Mid-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Copper Mountain Transit (FY2021 Budget)	Combined Total	Beeline Bus & Copper Mountain Transit (Projected)	
Administrative Overhead	\$	-	\$ 145,092	\$ 145,092	\$ 137,890
Vehicle Maintenance	\$	500	\$ 18,000	\$ 18,500	\$ 5,299
Total	\$	500	\$ 163,092	\$ 163,592	\$ 143,189
					- \$ 20,430



d. Operating Labor Costs

The analysis of operating labor costs is based on the following assumptions:

- In both the near-term and mid-term, the service level of Beeline Bus and Copper Mountain Transit will remain the same as today.
- The County will hire the same number of drivers that Payson Senior Center and the Town of Miami employ today.
- Wages of operating staff, including drivers and a dispatcher, will remain the same as today.
- Fringe benefits of the operating staff will be the average level of County employees (40%).

Near-Term Cost Impact Estimates

In the near-term, it is projected that operating labor costs would increase by \$23,045, compared to the status quo.

	Status Quo	Near-Term	Difference (Near-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Beeline Bus (Projected)	
Drivers Salaries/Wages	\$ 100,000	\$ 100,000	
Dispatcher Salaries/Wages	\$ 3,500	\$ -	
Fringe Benefits	\$ 13,455	\$ 40,000	
Total	\$ 116,955	\$ 140,000	+ \$ 23,045

Mid-Term Cost Impact Estimates

In the mid-term, it is projected that operating labor costs would increase by \$22,245, compared to the status quo.

	Status Quo			Mid-Term	Difference (Mid-Term v. Status Quo)
	Beeline Bus (FY2021 Budget)	Copper Mountain Transit (FY2021 Budget)	Combined Total	Beeline Bus & Copper Mountain Transit (Projected)	
Drivers Salaries/Wages	\$ 100,000	\$ 154,000	\$ 254,000	\$ 254,000	
Dispatcher Salaries/Wages	\$ 3,500	\$ 29,000	\$ 32,500	\$ 29,000	
Fringe Benefits	\$ 13,455	\$ 74,000	\$ 87,455	\$ 113,200	
Total	\$ 116,955	\$ 257,000	\$ 373,955	\$ 396,200	+ \$ 22,245



e. Non-Labor Costs

Potential impacts on non-labor costs are not quantified. Non-labor costs are expected to decrease due to economy of scale, i.e. that the County could purchase goods and services in larger quantity and at a lower price. Cost saving would be particularly likely in vehicle maintenance, insurance, and bulk purchase of supplies. However, reliable estimation of such cost saving requires more granular details of organizational and operational changes than what can be reasonably determined at this stage. Therefore, non-labor cost saving is not quantified.

Near-Term Cost Estimates

It is assumed the non-labor costs would remain the same in the near-term.

	Status Quo	Near-Term
	Beeline Bus (FY2021 Budget)	Beeline Bus (Projected)
Administrative Non-Labor Costs		
Professional Services	\$ 3,000	\$ 3,000
Insurance	\$ 18,000	\$ 18,000
Marketing/Advertising	\$ 2,500	\$ 2,500
Administrative Miscellaneous	\$ 14,750	\$ 14,750
Total Administrative Non-Labor Costs	\$ 38,250	\$ 38,250
Operating Non-Labor Costs		
Fuel	\$ 33,600	\$ 33,600
Radio Equipment & Software Maintenance	\$ 480	\$ 480
Contract Services	\$ -	\$ -
Operating Supplies and Miscellaneous	\$ 3,379	\$ 3,379
Total Operating Non-Labor Costs	\$ 37,459	\$ 37,459



Mid-Term Cost Estimates

It is assumed the non-labor costs would remain the same in the mid-term.

	Status Quo			Mid-Term
	Beeline Bus (FY2021 Budget)	Copper Mountain Transit (FY2021 Budget)	Combined Total	Beeline Bus & Copper Mountain Transit (Projected)
Administrative Non-Labor Costs				
Professional Services	\$ 3,000	\$ 6,000	\$ 9,000	\$ 9,000
Insurance	\$ 18,000	\$ -	\$ 18,000	\$ 18,000
Marketing/Advertising	\$ 2,500	\$ -	\$ 2,500	\$ 2,500
Administrative Miscellaneous	\$ 14,750	\$ 24,100	\$ 38,850	\$ 38,850
Total Admin Non-Labor Costs	\$ 38,250	\$ 30,100	\$ 68,350	\$ 68,350
Operating Non-Labor Costs				
Fuel	\$ 33,600	\$ 35,000	\$ 68,600	\$ 68,600
Radio Equipment & Software Maintenance	\$ 480	\$ -	\$ 480	\$ 480
Contract Services	\$ -	\$ -	\$ -	\$ -
Operating Supplies & Miscellaneous	\$ 3,379	\$ 8,600	\$ 11,979	\$ 11,979
Total Operating Non-Labor Costs	\$ 37,459	\$ 43,600	\$ 81,059	\$ 81,059