

The State of Transit 2016

**Access.
Accelerate.
Achieve.**



WORLD CLASS TRANSIT FOR NEW ORLEANS

About our Organization

Ride New Orleans is an independent nonprofit organization. Our vision is a world class, multi-modal transportation system that promotes a vibrant, healthy, and sustainable New Orleans region. Our mission is to enhance the quality of life in the New Orleans region by promoting safe, convenient, and affordable transportation options.

Visit www.rideneworleans.org for more information.

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From the Board of Ride New Orleans

We on the board of Ride New Orleans believe transit is an indispensable part of the New Orleans ecosystem. The first two Ride New Orleans State of Transit reports in 2014 and 2015 used hard data to show both deficiencies and potential fixes in the system. We are proud of the impact each report made and the improvements that followed – demonstrating the important role transit advocates play.

That conversation is especially important today because it is a moment of opportunity for transit in our region.

With our third annual State of Transit in New Orleans, we have seen undeniable progress over the last year. The April 2016 service enhancements increased total transit service nearly 13 percent, meaning 50.5 percent of pre-Katrina trip volume has been restored. The City Administration has shown strong leadership calling for a regional transit vision, and the New Orleans Regional Transit Authority is starting the initial phases of a community-driven strategic transit plan – a key Ride New Orleans ask in 2015.

Along with progress, many challenges remain. We have only recovered 42 percent of our pre-Katrina weekly bus trips, leaving fewer options for residents who can least afford it. While the average New Orleanian can get to 89 percent of the region's jobs in 30 minutes via a car, they can only reach 11 percent of those jobs in the same time period via transit. In a city with high unemployment and poverty rates – and many residents without reliable access to a vehicle – that's unacceptable if we're serious about increasing access to economic opportunity.

Despite these challenges, there is reason for optimism. With the strategic plan process, strong leadership, and an improving system that is slowly rebuilding riders' trust, we have the ingredients to make a real long-term difference for riders in the next few years.

Ride New Orleans believes that the Greater New Orleans Region is ready to seize this opportunity.

We will continue working with residents and stakeholders throughout the region to do exactly that. We look forward to further participation in this important conversation and want to thank the many riders, residents, advocates, officials, and staff who have helped to get the conversation this far.

Thank you,



Jacquelyn Dadakis
President, Ride New Orleans

Executive Summary

**Access.
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In the last twelve months, the outlook for world-class transit in New Orleans has strengthened. The New Orleans Regional Transit Authority (RTA) has expanded service twice, in September 2015 and again in April 2016, adding numerous trips during peak, late evening, and early morning hours. The total weekly number of trips rose from 7,813 to 8,817 – an increase of nearly 13%. As a result, 50.5% of pre-Katrina total trip volume has now been recovered. This progress is supported by new, comprehensive data published by the Federal Transit Authority for the RTA's operations in 2013 and 2014, which shows that RTA vehicles were in service for nearly 635,000 vehicle revenue hours (VRH – the time that a transit vehicle is actively serving paying customers) in 2014.

Meanwhile, the RTA Board of Commissioners has committed to conducting a Strategic Transit Plan this year that will identify community transportation priorities and map our investment scenarios for the short, medium, and long term; the City Administration vowed in its *Resilient New Orleans* strategic plan to “redesign our regional transit system to connect people, employment, and essential services,” and Governor John Bel Edwards has pledged to connect New Orleans and Baton Rouge with commuter rail.

However, our city's job is far from finished. The average New Orleanian can access 89% of the region's jobs within a 30-minute drive, but only 11% within a 30-minute transit commute. Bus service continues to lag, having recovered only 42% of its pre-Katrina weekly trips. Only 10 routes have frequencies less than 30 minutes during peak hours, compared to 48 in 2004. Ridership plateaued between 2013 and 2015. Service remains far more expensive than the median cost for peer cities in the southeast U.S. (\$149 per VRH in 2014). Moreover, the agency's budget has weakened as fares, which have not changed since 1999, lag average national rates of contributions to the overall budget.

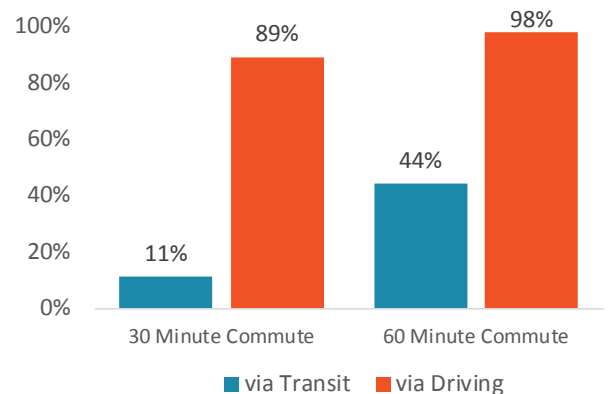
Frequent, reliable service is the foundation for a quality transit system. That's why Ride New Orleans calls on the Mayor's Administration, New Orleans City Council and RTA Board to commit to putting RTA vehicles in service for 1,000,000 VRH by the end of the year 2020. This level of service will make it possible to restore frequent transit service to the majority of New Orleans neighborhoods and workers, putting better job and housing opportunities within easier reach.

To reach the goal of 1,000,000 VRH by 2020, the RTA will need to increase VRH an average 8% each year. There are two ways to achieve this: reduce the cost of providing service, and bolster agency revenue. Ride New Orleans recommends that a 'Transit Funding Committee' of local businesses, elected officials, and community leaders be created to aid in these tasks as part of the strategic transit plan process while simultaneously building public support.

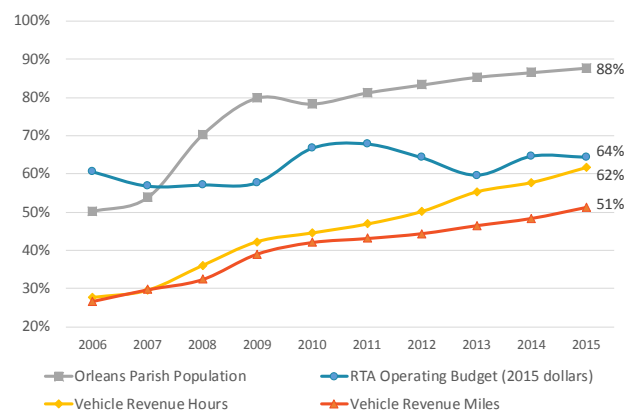
The questions of which transit routes should be increased in frequency, and whether bus routes should be redrawn to create a more efficient overall transit network, are complex and require the input from a diverse array of stakeholders. As such, these questions should be resolved through the strategic transit plan process as well.

The City Administration and Council should embrace this opportunity to build a comprehensive and shared vision for the role transit ought to play in the city's economic development and in increasing opportunity for residents. Meanwhile, they, along with the Board of Commissioners, should commit to supporting the vision by identifying measures to both reduce the cost of service and increase revenues for transit operations. Doing so will accelerate the agency's return to achieving 1 million VRH, and make jobs, housing choices, schools, and amenities more accessible to all New Orleanians.

Average Share of the Region's Jobs Accessible from New Orleans Neighborhoods: Transit vs. Driving, within a half hour and full hour



Key Indicator Recovery Rates, as Percentage of 2004 Values



Sources: Population from U.S. Census Bureau American Community Survey, 2005-2009, and Annual Estimates of the Resident Population 2010-2015. Budget, Vehicle Revenue Hours and Vehicle Revenue Miles from National Transit Database 2006-2014 and Regional Transit Authority.

Recent Progress

METHODOLOGY NOTES

Service Data

In this report, we rely on service data self-reported by the RTA to the National Transit Database and data the RTA provided directly to Ride New Orleans on the availability of transit service. Ride New Orleans also collected population data from the U.S. Census to compare service availability with demographic trends from 2000 through April 2016. We also dive into the current state of financial affairs at the RTA; our financial analysis is based on annual RTA budget documentation that Ride New Orleans received through Freedom of Information Act requests. We explore the amount and quality of transit service that New Orleanians are receiving for their investment in the transit system – or more simply put, what bang we’re getting for our buck. In order to ensure that our analysis on this point is objective, we benchmark the financial on-the-ground realities in New Orleans with national trends experienced by transit agencies operating in comparable cities and markets across the country.

Trips and Total Trip Volume

A “trip” is a single round trip made by a single vehicle, like a bus or streetcar, from the time it leaves its first station until it returns to that station at the end of its route. Ride New Orleans’ analysts relied on the RTA’s maps and schedules from 2005 and 2016 to count total weekly trips on each route. We added all the routes together to get the “weekly trip volume” or total number of weekly trips available in a normal week during 2005 and 2016. Our trip volume analysis does not include paratransit trips; it focuses on the scheduled service available to the majority of transit riders.

Route Frequency

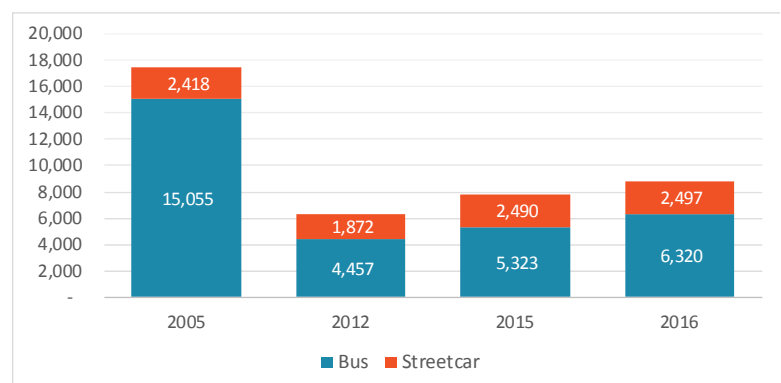
To determine the frequency of the RTA’s 2005 and April 2016 transit service, we calculated the headway – or number of minutes wait between transit trips – on each bus and streetcar route during weekday morning peak hours (from 6:30AM to 10:00AM) and weekday evening peak hours (from 3:30PM to 7:00PM), based on official RTA schedules. The total number of trips departing during these hours was divided by 420 minutes to calculate minutes per trip within the seven hours of peak periods. The results organized into the following categories: Headways of 15 minutes or less; 15.1 to 30 minutes; 30.1 to 60 minutes; and greater than 60 minutes.

In the last year, the overall outlook for transit in the New Orleans area has improved in several ways: 1) RTA bus service was expanded significantly, 2) the Board has committed to developing the city’s first strategic transit plan, 3) the City Administration made equitable transit a key goal within its Resilient New Orleans strategic plan, and 4) the Governor has voiced support for a regional commuter rail between New Orleans and its neighboring economic center, Baton Rouge.

Bus Service Has Expanded

In April 2016, the RTA added \$5 million worth of service to the bus network - about 11% additional VRH of service - with a focus on expanding later evening and early morning trips. Overnight transit service was added on eight lines, raising the total of lines providing 24-hour service to nine. Early morning service was added to 15 lines. Additional weekend service was added, increasing the total amount of weekend service by 28 percent.¹ Moreover, the #88 St. Claude now offers high frequency service during peak hours, averaging less than every 15 minutes, significantly improving transit access from the Lower and Upper 9th Wards and Holy Cross neighborhoods. The #94 Broad, #55 Elysian Fields, #51/52 St. Bernard, #11 Magazine, and #10 Tchoupitoulas routes also improved peak hour frequency. The total number of weekly trips increased from 7,813 to 8,817 – an increase of nearly 13%. As a result, 50.5% of pre-Katrina total trip volume has now been recovered.

Figure 1: Total Weekly Trips, by Mode



Source: Ride New Orleans analysis of Regional Transit Authority Schedules

Compared to 2005 pre-Katrina service, our network of transit routes today still falls short of 2005 where 17 routes offered service under 15 minutes during peak hour.

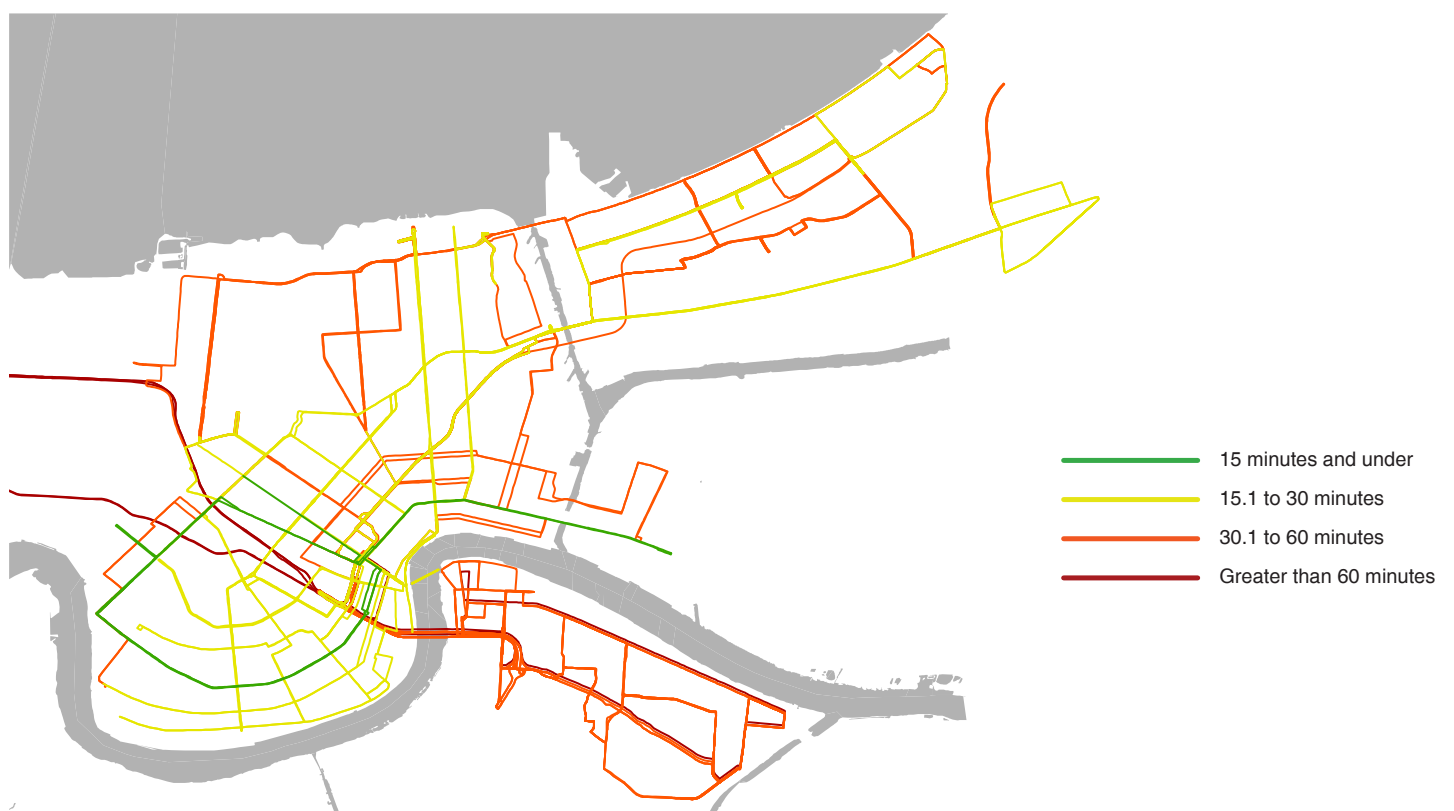
Table 1: Number of Routes by Frequency, 2005 and 2016

	2005		2016	
	Count	Percentage	Count	Percentage
15 minutes and under	17	28%	3	8%
15.1 to 30 minutes	31	52%	7	19%
30.1 to 60 minutes	12	20%	18	50%
Greater than 60 minutes	0	0%	8	22%

Figure 2: Peak Hour Frequency, 2005



Figure 3: Peak Hour Frequency, 2016



The Board Has Committed to a Strategic Transit Plan

The RTA Board has dedicated funding and begun procuring a consultant to help develop a 20-year Strategic Transit Plan that will identify community transportation priorities and map our investment scenarios for the short, medium, and long term. Though the initial RFP and proposals from early this year were discarded, the RTA released a new RFP in June 2016 that calls for:

1. Development of a policy framework through which to analyze and weigh investment options
2. Performance of a Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis to understand market opportunities and challenges
3. Development of strategic goals and performance metrics
4. Revision of the Vision, Mission, and Core Values for consistency with a market analysis
5. Gaining consensus through extensive public input on vision, and goals
6. Creation of a final strategic plan and implementation plan

This development could be a very positive one for our region's residents, though it will need to be carefully monitored to ensure that the in-depth analysis and long-term planning that need to happen actually take place. Stakeholders and advocates must be sure that the process includes riders and the public; prioritizes frequent, reliable, and equitable service; and creates a specific plan to achieve tangible goals.

Mayoral Leadership on Transit Equity

On the tenth anniversary of Hurricane Katrina and the federal floods, the City Administration released *Resilient New Orleans*, its strategy to prepare for future shocks, such as natural disasters, and relieve recurring physical and social stresses, ranging from land subsidence to economic inequality and violence. To that end, the plan commits the City to "redesign our regional transit system to connect people, employment, and essential services."

More recently, the Administration appointed new commissioners to the RTA Board, who bring backgrounds in workforce development and economic mobility.

"The City of New Orleans will work with the Regional Transit Authority, neighboring jurisdictions, local advocacy organizations, and national experts to develop a multimodal regional transit vision. We will work together to create a detailed road map to guide investment in service improvements and expansion today and in the future, with a view to developing a comprehensive regional network."

- Resilient New Orleans, August 2015

Gubernatorial Leadership on Transportation Initiatives and Investment

Regional business leaders have long recognized the economic impact of transportation, and the economic ties between New Orleans and Baton Rouge, and fresh state government leadership has joined the cause.

In June 2016, Governor John Bel Edwards created the Task Force on Transportation Investment, which will research and make recommendations to increase the level of recurring funding for addressing the state's backlog of transportation projects across all modes.

And in December 2015, then Governor-Elect Edwards stated his commitment to “do everything I can to partner with folks in Washington to make sure that as soon as possible we can pursue light rail.”² However, no funding for the commuter rail's planning, design, and construction has yet been obtained or dedicated.



Challenges to Overcome

The Majority of Jobs in the Region Remain Inaccessible Via Transit

The New Orleans poverty rate is 28% and the average cost of owning and operating a car, based on a 2015 AAA study, is \$8,698. That means providing better access to opportunity for New Orleans residents requires quality transportation options.

Unfortunately, as the following analysis of weekday peak morning service reveals, our region's transportation system currently falls well short of giving reliable transportation choices to residents who can't always rely on private vehicles. Consider that:

- The average New Orleanian with access to a private vehicle can reach 89% of the region's approximately 400,000 jobs within 30 minutes during peak morning hours (7:00am to 9:00am).
- But, she can reach only 11% of these jobs on public transportation in the same time frame.
- Moreover, a worker with a car can reach 89% of jobs at any time of day, while one who takes public transportation has access to as few as 6% of jobs late at night.
- And in a 60-minute commute, it's possible to reach nearly every job in the area with a car, while only 44% of jobs are within reach on public transportation (Table 2).

Table 2: Average Percentage of Jobs Accessible, by Mode

	30-Minute	60-Minute
Transit	11%	44%
Driving	89%	98%

Source: U.S. Census Bureau. 2016. LODES Data. Longitudinal-Employer Household Dynamics Program. <http://lehd.ces.census.gov/data/lodes/>; Ride New Orleans analysis.

The Central Business District has the greatest density of jobs in the study area by far, and this area is also where many of the region's transit routes converge. As a result, the neighborhoods with the best job access are located in this area. In addition to the CBD and French Quarter, the areas around Tulane Avenue in Mid-City and near Claiborne Avenue in Central City have access to largest number of jobs in the city within a 30-minute travel time (Figures 4 - 7). Given a 60-minute travel time, the same neighborhoods exhibit very good access to jobs, and additionally the Airline Highway corridor through Jefferson Parish has relatively good access to jobs (Figure 6).

Areas of the city with poor access to jobs include parts of Lakeview and Gentilly, the Lower 9th Ward, and New Orleans East. However, it's notable that these are also the parts of the city with the lowest number of jobs accessible in a private vehicle (i.e. many parts of the city with poor access to jobs are simply located farther away from jobs).

Recent additions of service - in September 2015 and April 2016 - have demonstrated how additional vehicle revenue hours improve job access. Table 3 compares how the addition - about an 11% increase in VRH, according to the RTA - changed the number of jobs accessible during the 7 to 9 AM peak commute period and over a 24-hour period on a weekday. During the peak commute period, the impacts of the service change were fairly limited, but the impacts at other times of day were significant. The neighborhoods that benefited most from the increase in late night service are actually located farther from the CBD. The Fillmore neighborhood and the areas near UNO along with New Orleans East, Desire, and Whitney increased the ability to reach jobs late at night.

Table 3: Change in job access before and after service changes

	Number of Jobs Accessible		
	Pre-Service Changes	Post-Service Changes	Change
30-Minute			
Peak	45,143	45,244	0.2%
24-Hour Average	36,483	40,724	11.6%
60-Minute			
Peak	171,609	174,216	1.5%
24-Hour Average	140,354	152,816	8.9%

Source: U.S. Census Bureau. 2016. LODES Data. Longitudinal-Employer Household Dynamics Program. <http://lehd.ces.census.gov/data/lodes/>; Ride New Orleans analysis.

Methodology Note: Job Access Analysis

The objective of the accessibility analysis performed for this report was twofold: 1) quantify the number of jobs that can be accessed on public transportation and driving by residents of Orleans Parish within 30- and 60-minute thresholds, 2) evaluate the effects of recent RTA service changes on job accessibility.

The methodology used for this study strongly reflects the cumulative opportunity metric that is utilized in the "Access Across America" report produced by the University of Minnesota's Accessibility Observatory. Data is obtained from the U.S. Census Bureau's Longitudinal-Employer Household Dynamics Program 2014. The calculations are based on the travel times observed between every US Census Block Group (CBG) in the New Orleans Regional Transit Authority (RTA) Service area; this includes Jefferson Parish, Orleans Parish, and St. Bernard Parish. To calculate the trip origin and destination for a particular CBG, the population- and job-weighted centroid was used.

Travel time is calculated using OpenTripPlanner based on graphs composed of data from OpenStreetMap and published transit timetables.³ Driving times assume that the vehicles do not encounter any congestion and travel at the speed limit. The transit travel times operate on an assumption of perfect schedule adherence. The observed travel times further make the assumption that portions of a trip that are not on-board a transit vehicle take place by walking at a speed of 3 miles per hour along designated pedestrian facilities such as sidewalks, trails, etc.

To reflect the influence of transit service frequency on accessibility, travel times are calculated repeatedly for each origin-destination pair every ten minutes between 7:00 and 8:59 AM as the departure time. Accessibility is averaged across Orleans Parish, with the number of jobs accessible from each CBG weighted by the percentage of Orleans Parish workers residing in that CBG. The result is a single metric that represents the accessibility value experienced by an average worker in Orleans Parish. The following formula describes how the weighted average is calculated:

$$\text{Weighted Average} = (w_1/a)j_1 + (w_2/a)j_2 \dots (w_n/a)j_n$$

w = workers residing in CBG
a = all workers residing in Orleans Parish
j = jobs accessible from CBG
n = Each CBG in Orleans Parish

Figure 4: Percentage of Jobs in Region Accessible within 30 Minute Transit Commute, by Census Block Group

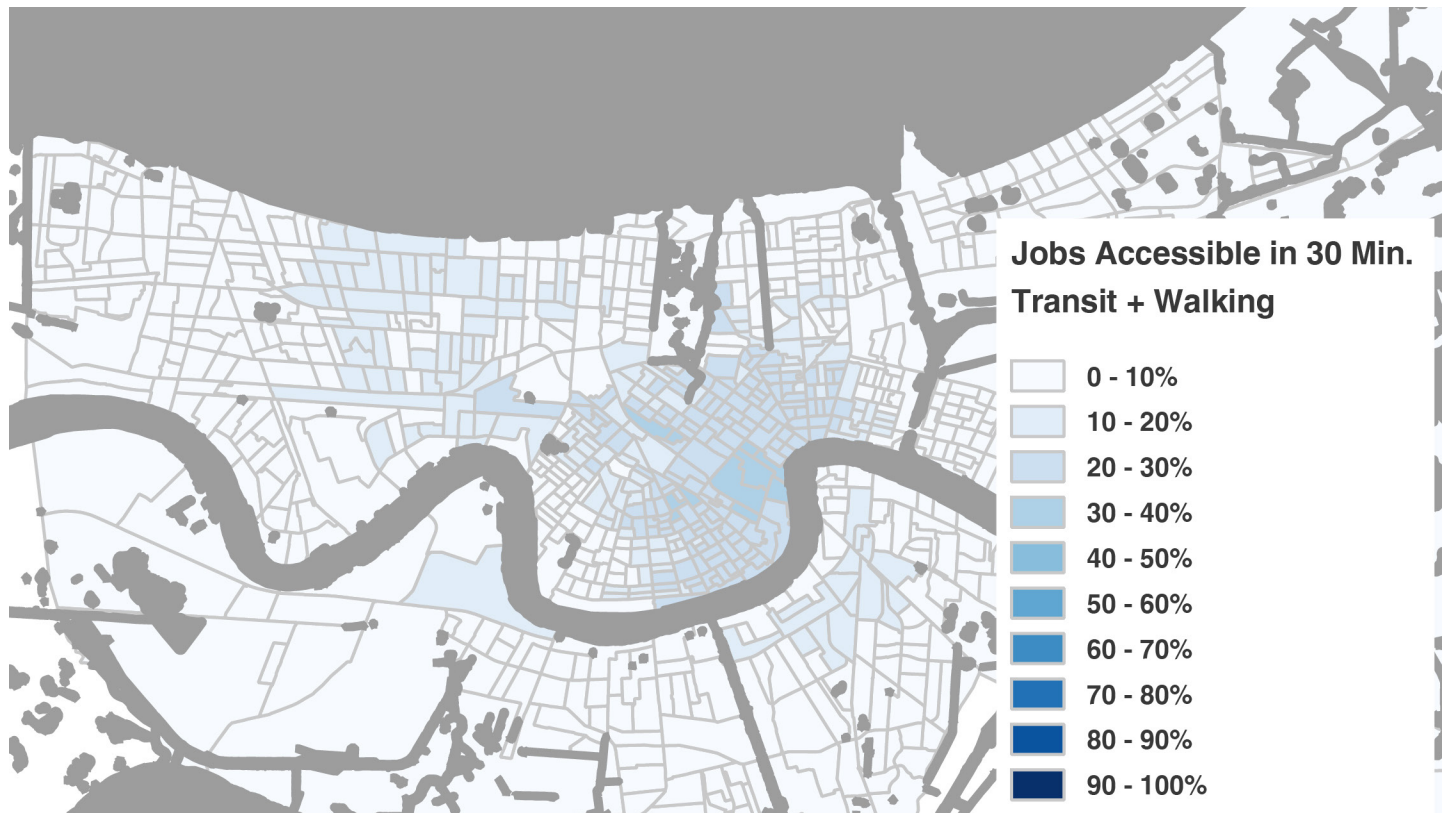


Figure 5: Percentage of Jobs in Region Accessible within 30 Minute Driving Commute, by Census Block Group

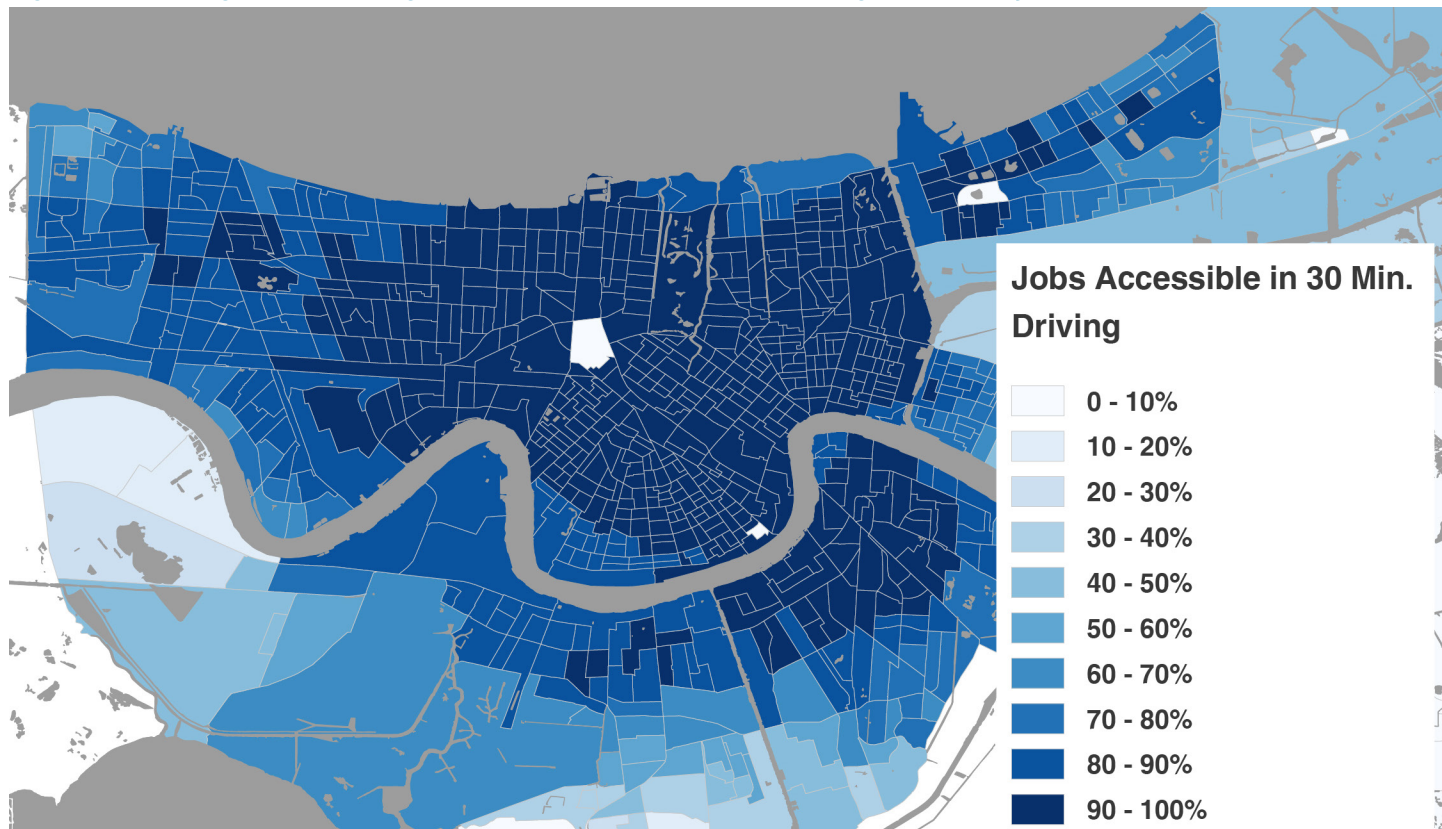


Figure 6: Percentage of Jobs in Region Accessible within 60 Minute Transit Commute, by Census Block Group

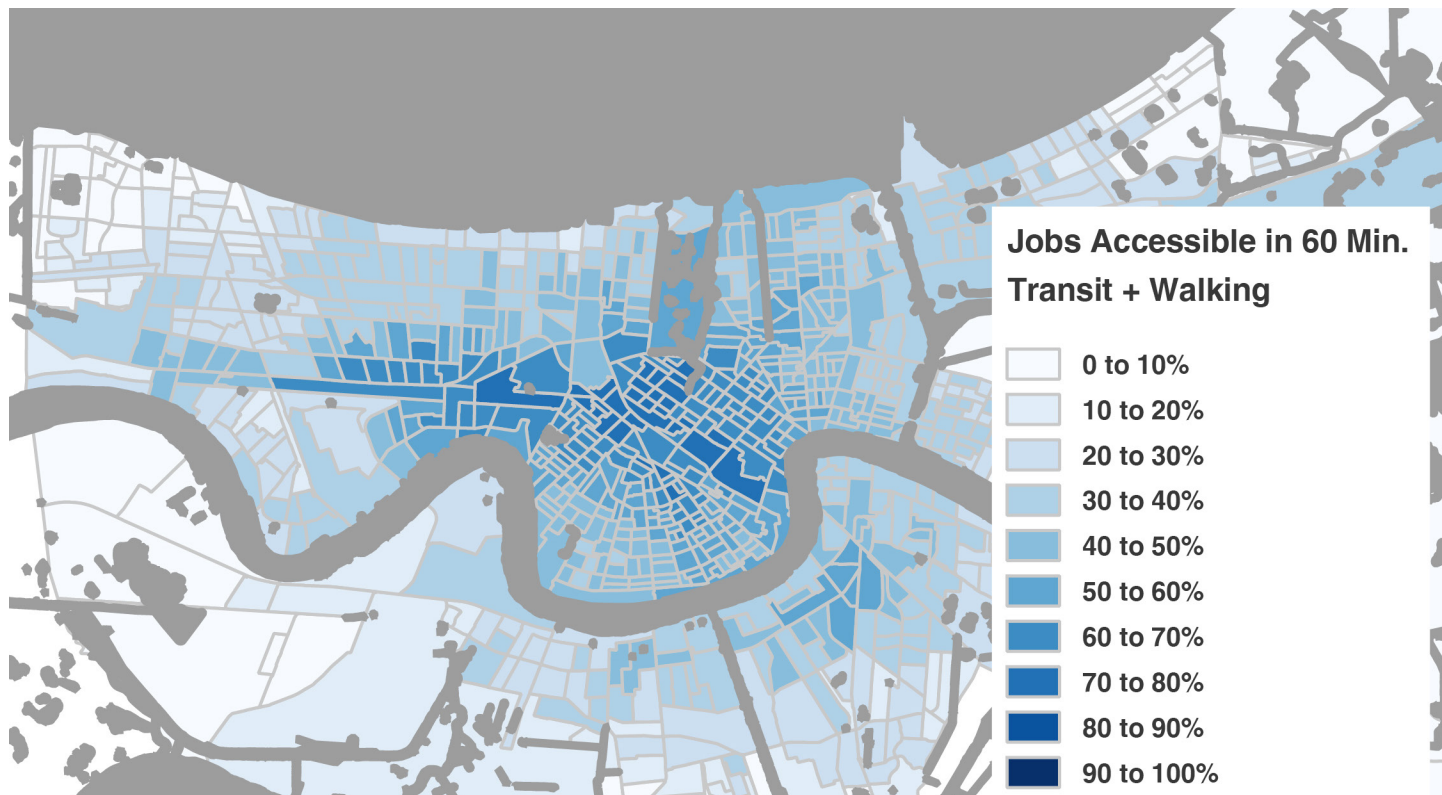
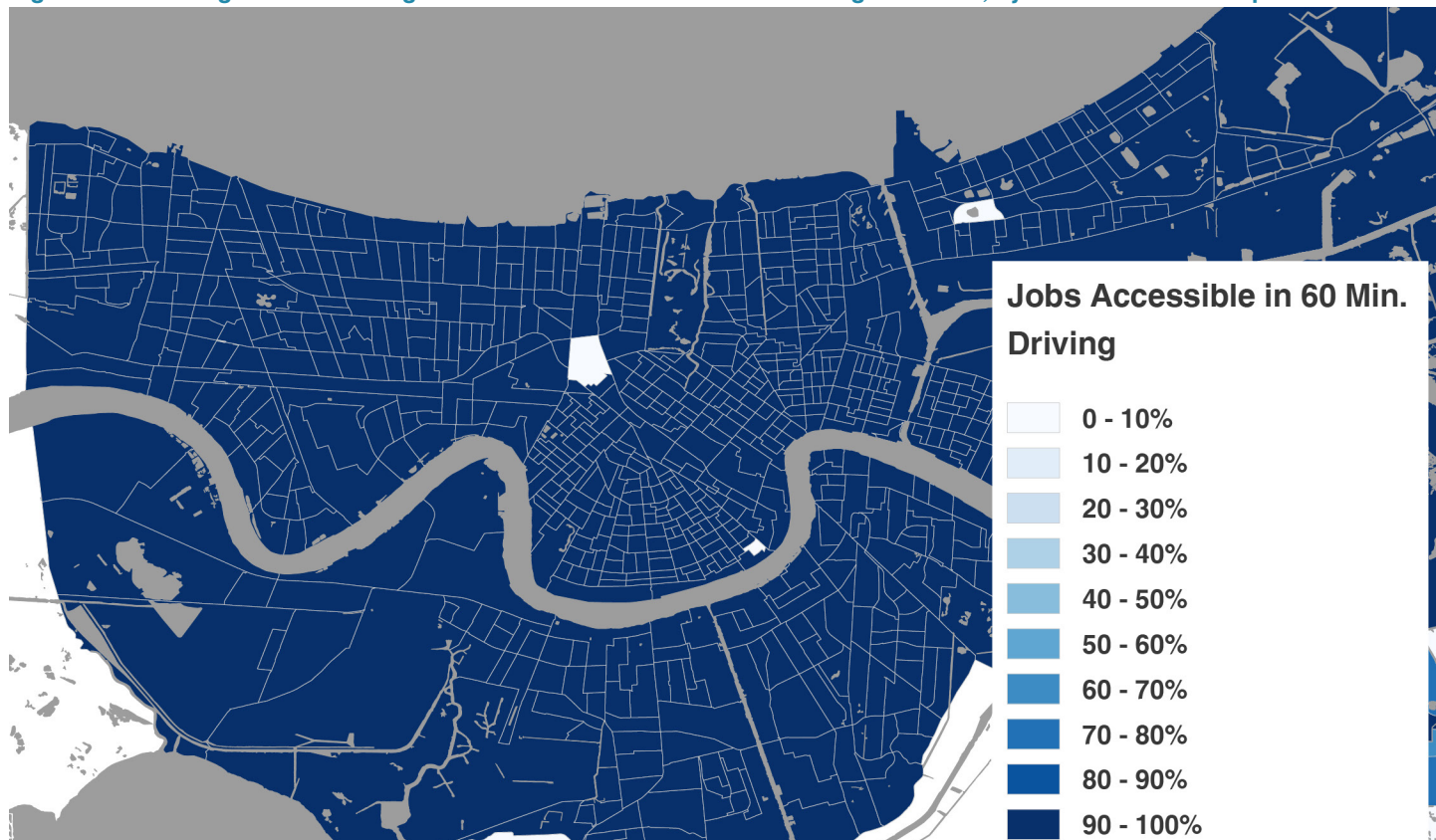


Figure 7: Percentage of Jobs in Region Accessible within 60 Minute Driving Commute, by Census Block Group



Source: U.S. Census Bureau. 2016. LODS Data. Longitudinal-Employer Household Dynamics Program. <http://lehd.ces.census.gov/data/lodes/>; Ride New Orleans analysis.

Though overall service is growing, it remains far from recovered

Despite the April service gains, transit service remains far below 2004 levels according to a number of indicators.

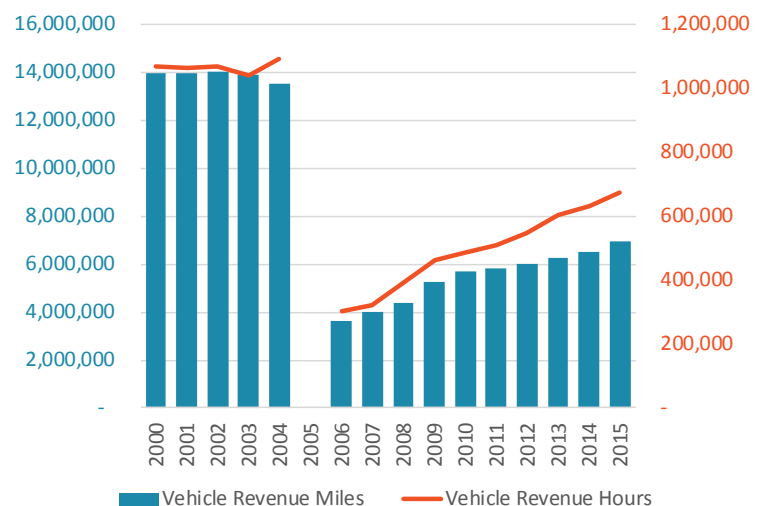
The total number of weekly trips increased from 7,813 to 8,817 – an increase of nearly 13%. As a result, 50.5% of pre-Katrina total trip volume has now been recovered. Bus service, however, remains far below pre-Katrina levels, at 42%, while streetcar trips have recovered 103%.

Vehicle Revenue Miles: The miles that transit vehicles travel while they are accepting passengers on their scheduled routes. This statistic does not count any miles traveled while vehicles are out of service.

Vehicle Revenue Hours: The hours that transit vehicles travel while they are accepting passengers on their scheduled routes. This statistic does not count any travel time that occurs when vehicles are out of service

The total annual number of vehicle revenue miles (VRM) and VRH offered on an annual basis provides additional ways to measure level of service. From 2012 to 2014, VRM and VRH grew by 9% and 16%, respectively. These figures are not yet available for 2015 and also do not reflect the recent September 2015 and April 2016 service increases, but according to interviews with Transdev officials, the current level of service is approximately 750,000 annual revenue hours.

Figure 8: Vehicle Revenue Hours and Miles, 2000-2014



Source: National Transit Database 2000-2014 and Regional Transit Authority

Methodology Note: Neighborhood Transit Access

In this section, Ride New Orleans used the 72 neighborhood statistical area boundaries and names as defined by the New Orleans City Planning Commission to examine which bus and streetcar routes provided service to each neighborhood. Routes were deemed to serve a neighborhood if they: 1) ran through the neighborhood; 2) ran along a boundary street for the neighborhood; or 3) dead-ended or turned around at a boundary street for the neighborhood. In the following instances, we made exceptions to this policy

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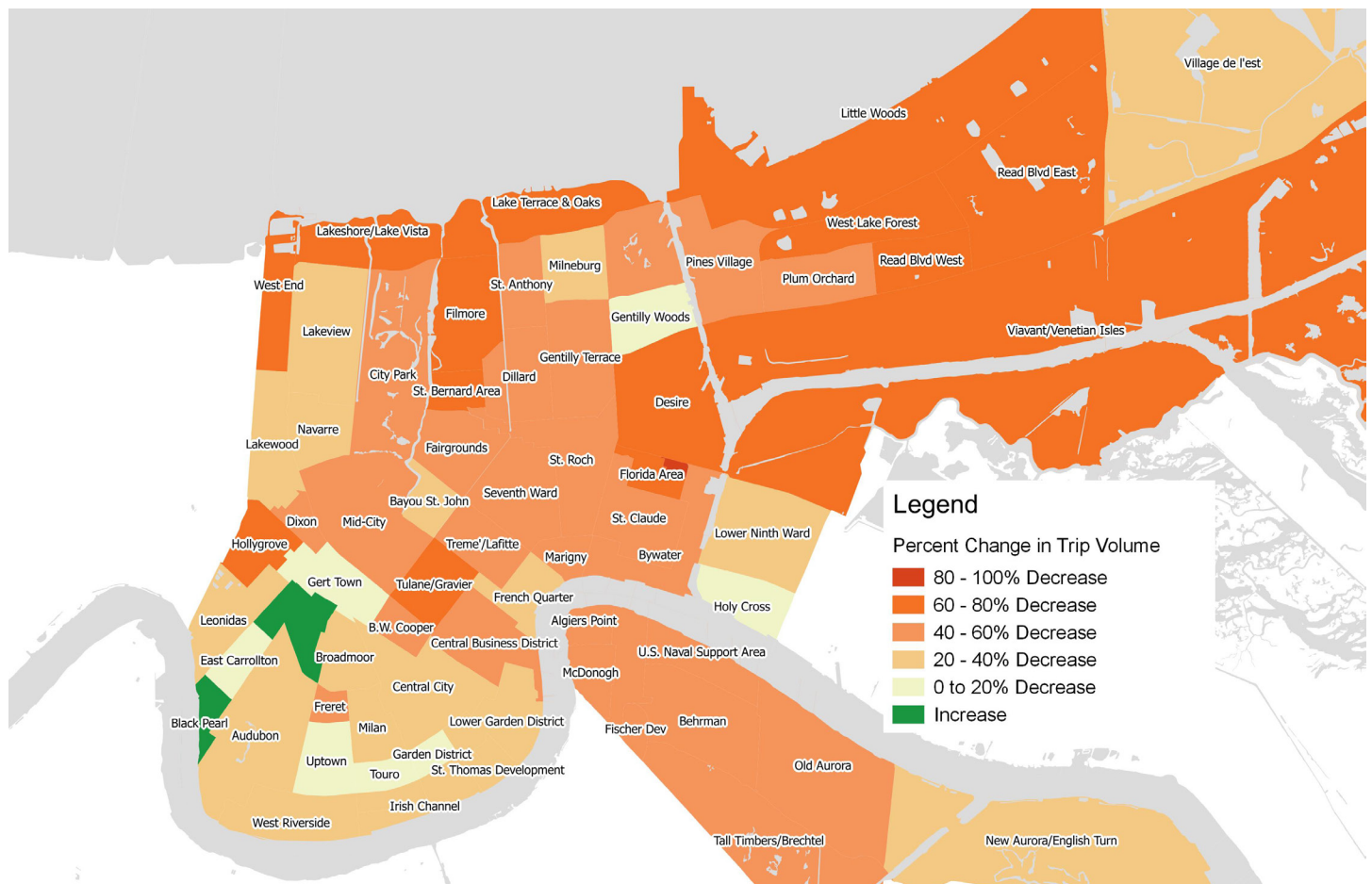
- According to the way that the New Orleans City Planning Commission assigned neighborhood statistical area boundaries, the French Quarter and Iberville Development neighborhoods are bounded to the southwest by Iberville Street. We opted to use Canal Street as the southwestern boundary instead, based on the many transit lines serving the French Quarter and Iberville that turn around at or run along Canal Street that would not have been counted under our regular methodology.
- Where transit routes run on interstates and offer no local stops within a neighborhood, we did not count those routes as “serving” that neighborhood.

Many neighborhoods are still left with few transit options

Once we understood the transit routes that served each neighborhood, we then added together the total number of weekly bus and streetcar trips for the routes serving each neighborhood.

While the overall number of weekly trips remains at just half of the number in 2005, service recovery varies substantially between neighborhoods. Several have recovered fewer than 40% of their pre-Katrina levels of service. These are predominantly located outside the city core, in New Orleans East, Lakeview, and Gentilly. Many New Orleans neighborhoods, including New Orleans East and the West Bank, continue to lack high frequency service during peak hours.

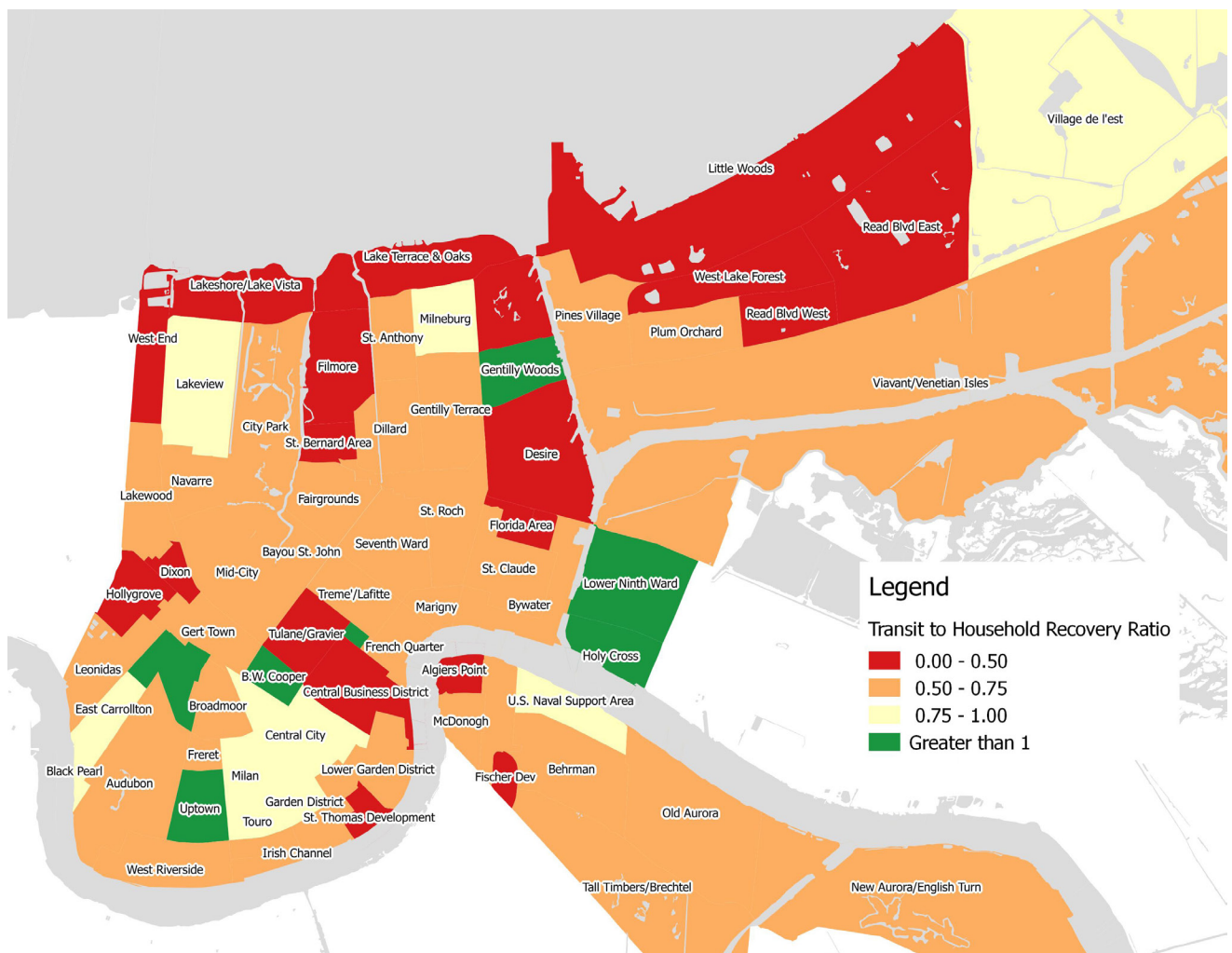
Figure 9: Change in Trip Volumes, by Neighborhood, 2004-2016



This year, we examined the ratio of transit service recovery to neighborhood household recovery, and found that transit service has now outpaced household recovery in: Iberville, Lower 9th Ward, Holy Cross, Gentilly Woods, BW Cooper, Marlyville, Fountainbleau, and Uptown.

In all other neighborhoods, household recovery has outpaced the return of transit service - most dramatically in the CBD, St. Thomas Development, Little Woods, Filmore, Lake Terrace & Oaks, Lakeshore / Lake Vista, Read Blvd West, Tulane / Gravier and West End. In the case of the CBD and St. Thomas Development, this is largely due to the greater density of residents today compared to pre-Katrina, whereas in other neighborhoods the level of service simply has not kept pace with household recovery rates.

Figure 10: Trip Volume Recovery Relative to Household Recovery

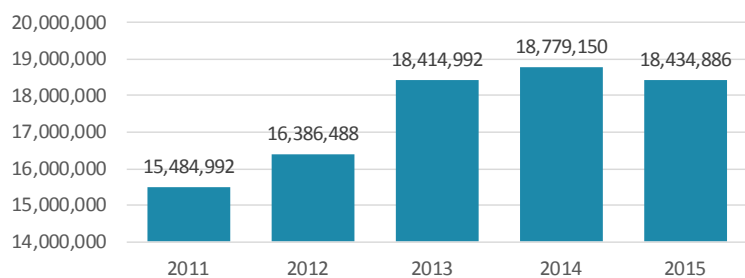


Service Source: Ride New Orleans analysis of RTA Schedules; Household Recovery Source: The Data Center, 2016

Ridership has Plateaued

According to RTA farebox receipts, following two years of rapid growth from 2011 to 2013, the number of passengers boarding RTA buses and streetcars has plateaued in recent years. We won't know how well ridership has responded to recent service increases from September 2015 and April 2016 until the 2016 ridership reports are released in early 2017.

Figure 11: Total Boardings



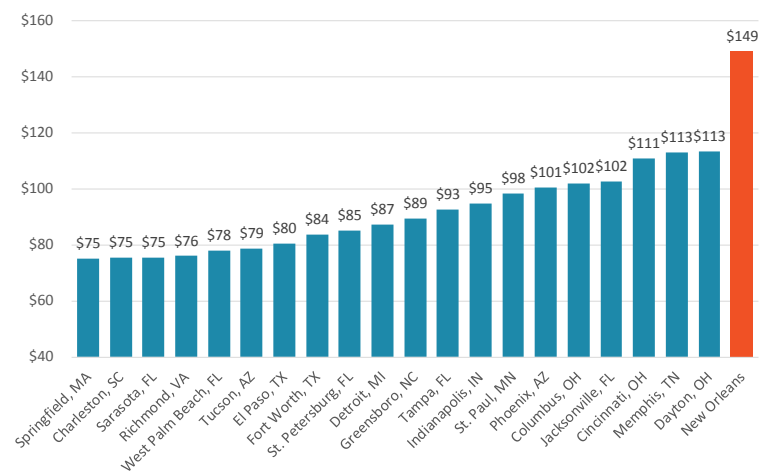
Source: Regional Transit Authority



Service Remains Expensive

The high cost of service remains one barrier to providing comprehensive, frequent service throughout the transit system. While the operating expense per VRH has decreased significantly since 2006, the most recent publicly available data – from 2014 – shows a cost of \$149 per VRH (after factoring out the cost of ferry service). This is by far the highest 2014 rate among the 20 transit agencies identified as the closest peers of the RTA by the Urban Integrated National Transit Database (Figure 12).⁴

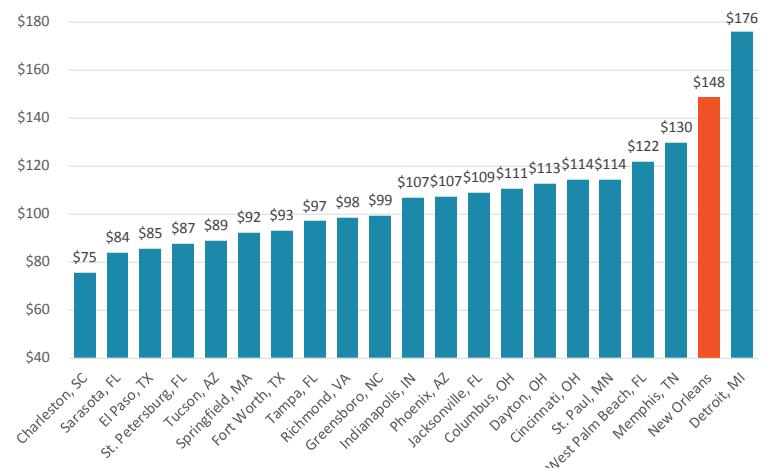
Figure 12: Total Operating Expenses per VRH, 2014 - Peer Agencies



Source: Urban Integrated National Transit Database

Not all of those transit agencies run streetcar service, so it is also worth looking at the operating cost for bus service in each agency. By this measure, the RTA's cost per VRH of bus service is also high, at \$148 per VRH of bus service. Of the 20 peer agencies, only Detroit exceeds that level, at \$176 per VRH of bus service in 2014. After the RTA, Memphis is the next highest, at \$130 per VRH of bus service in 2014 (Figure 13).

Figure 13: Bus Operating Expenses per VRH, 2014 - Peer Agencies



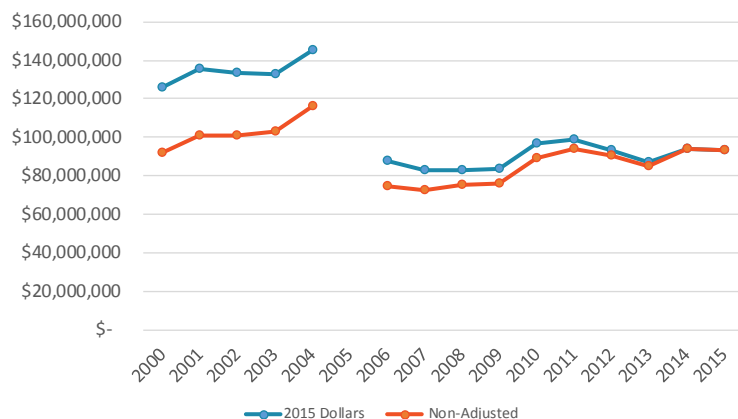
Source: Urban Integrated National Transit Database

Given the city's many competing budget priorities, it will likely be hard to identify significant new sources of revenue for transit service without addressing the higher cost of service and looking into possibilities of cost savings via increased service efficiency or other areas. We recommend that this be a key question in the strategic transit planning process.

A Constrained Budget

RTA continues to spend less on transit than it did prior to 2005. Its adopted 2016 budget allocates \$90.6 million for operating expenses, plus \$5.5 million in legacy costs. This is similar to the agency's \$91.8 million expenses in 2000. Adjusting for inflation, however, reveals how much less purchasing power the agency holds relative to pre-Katrina years. Figure 14 shows that, in 2014 dollars, its operating budget peaked at \$145.3 million in 2004.⁵

Figure 14: Total Operating Expenses, 2000-2015



Source: NTD 2014 and Regional Transit Authority

Capital vs. Operating Expenses and Budgets

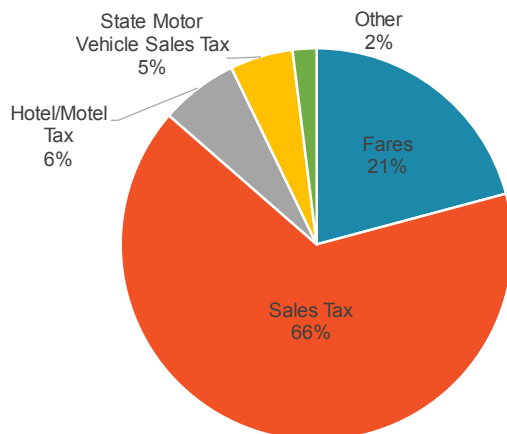
Like most public agencies, transit agencies such as the RTA organize revenues and expenditures into two main categories: capital and operating.

Capital expenses are the purchase of equipment, defined in the National Transit Database Glossary as “an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of: The capitalization level established by the government unit for financial statement purposes, or \$5,000.” Examples include vehicles, major software, and debt payments for streetcar infrastructure.

Operating expenses are “consumable items with a useful life of less than one year or an acquisition cost which is less than the capitalization level established by the governmental unit for financial statement purposes.” Examples include staff salaries, insurance, and taxes.

OPERATING REVENUES

Figure 15: 2016 Approved Budget Operating Revenues



Source: RTA CY2016 Approved Budget Statement of Revenues and Expenses

Sales Tax The RTA's primary source of revenue for operating expenses remains the 1% local sales tax approved by voters in 1985. In 2016, RTA anticipates more than \$65 million, to come from this source.

In addition, the RTA anticipates receiving \$6.3 million in funding from a hotel and motel sales tax in 2016. According to a CityBusiness article published on December 19, 2012, "the (1985) ballot tax excluded hotels, but the RTA attempted to impose it on hotels via board resolution in 1999. The resulting litigation concluded a year later with an agreement between the RTA and New Orleans Tourism and Marketing Corporation (NOTMC)....The RTA receives 60 percent of the first \$7.2 million and 40 percent of any amount beyond that threshold. (The NOTMC) ...evenly splits its share with the Ernest N. Morial New Orleans Exhibition Hall Authority."

Fares The RTA's fares are currently set at \$1.25 per trip, an amount that has not increased since 1999 – not even to adjust for inflation. In 2016, the RTA anticipates more than \$20.6 million in fare collection. As ridership has recovered following Katrina, fare revenue continues to climb.

Yet in 2014, the RTA recovered just 19.2% of its operating costs from passenger fares - its "farebox recovery ratio." This is barely half of the U.S. average 36% farebox recovery ratio. The RTA's higher operating costs partially account for this issue, in combination with lower fares.

Table 4: Farebox Recovery Ratios, 2014

	RTA	US Average
Demand Response	2.8%	7.3%
Bus	20.4%	26.2%
Streetcar	25.4%	35.5%
TOTAL	19.2%	36.0%

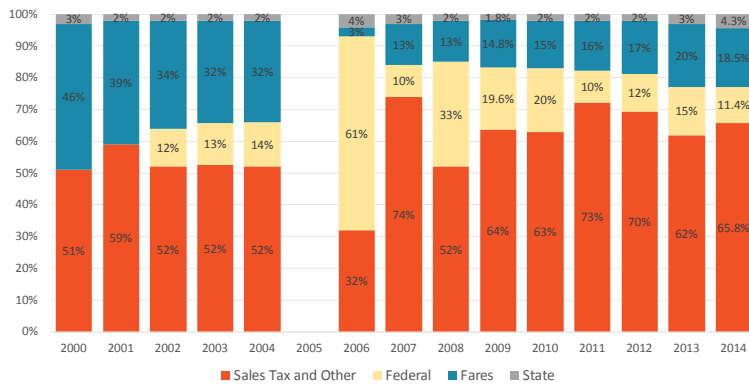
Source: NTD 2014 and NTD 2014 National Transit Summary & Trends

State Funds As of 2014, the RTA received \$4.5 million in operating support from state sources. This funding originates from a set-aside portion of the State Parish Transportation Fund as well as the state motor vehicle sales tax. In a survey of State contributions to public transit agencies, Louisiana is ranked 36th of 50 for the amount of funding it provides to support its' public transit agencies.⁶

Federal Assistance The RTA receives operating support from the Federal Government from a variety of programs. Typically, these grants require a 50% match of local funds from the RTA.

Other Funds Other funds may include advertising, charter operations and more and make up a very small share of the RTA's operating revenues.

Figure 16: Sources of Operating Funds, 2000-2014



Source: NTD 2000-2014

OPERATING EXPENSES

Service Operations: The RTA's largest operating expense is paid to its delegated management contractor for service operations and is estimated to be more than \$77 million in 2016, a 10% increase from the year prior. According to the 2016 RTA budget, more than \$41 million of this amount is for bus operations, just under \$21 million is for streetcar operations, \$9.8 million supports paratransit operations, and an 'all other services' category accounts for \$5 million in expenses. No further detail is provided on this budgeted line item due to the unique contract relationship the RTA has with TransDev.

Casual and Liability: Insurance costs comprise the second largest budgeted item for the RTA, coming in at \$6.9 million in 2016.

Legacy Costs: The RTA estimates making payments of \$5.5 million toward legacy costs, that include pensions, health care, and workers compensation.

Materials and Supplies: \$4.2 million is allocated for materials and supplies in 2016, which accounts for fuel, vehicle parts, office supplies, and more.

Labor and Fringe Benefits: The RTA has one full time employee and has budgeted for the creation of an Executive Director position, though this position remains unfilled. In total, \$492,000 is allocated for labor and fringe benefits.

Other expenses: Utilities, taxes, and other miscellaneous costs comprise the rest of the RTA's listed operating expenses in their 2016 budget.

The RTA has a "delegated management contract" with Transdev, a private company. Transdev manages all aspects of the RTA's public transportation services below the board level. Upon signing this contract in 2009, TransDev (formerly known as Veolia) put out a press release that stated: "[Veolia] expects to be able to generate significant cost savings over the agency's current expense levels, while improving and enhancing service." The findings in this report indicate that operating costs are still higher than those of comparable transit agencies, while service remains far below its pre-Katrina levels. The cost efficiency of the RTA's operations is thus a key concern and should be examined in conjunction with any proposals for additional revenue generation.

How Transit is Funded

Transit operations are funded through multiple sources. Nationally and in some cases here in New Orleans, the following mechanisms are used to generate revenue to support transit operations.⁷

FARES

Fares include single rides, transfers, and multi-day and monthly passes. Agencies often discount fares for certain user groups, such as the elderly or disabled. Though riders typically pay fares, the money collected from riders accounts for only a portion of their budget.

LOCAL AND STATE TAXES AND FEES

Consumption taxes, such as sales taxes, are the most common funding source used to support transit in the U.S. Its popularity stems from the high revenue potential and relative ease of collection and implementation. However, this funding source is subject to year-to-year fluctuations based on economic trends. The regressive nature of sales taxes are a second drawback; consumption taxes disproportionately impact low-income households.

PROPERTY TAXES

Property taxes are collected from property owners and are levied based on the assessed value of their properties. This source tends to be more stable than sales tax revenues. Jefferson Parish and East Baton Rouge Parish each fund their transit systems with dedicated property tax millages.

VEHICLE SALE / RENTAL / LEASE TAX

All but three U.S. states collect sales tax on the purchase or lease of motor vehicles. These are frequently one-time charges at the time of purchase. Like sales taxes, their volume varies according to the strength of the economy. However, rates can vary by vehicle size, value, and age.

VEHICLE OWNERSHIP FEES

Vehicle license fees charge drivers when they pay for new and / or replacement licenses. Title fees require drivers to make a payment when registering or making a change to a vehicle's certificate of title. Vehicle registration fees are typically paid annually.

PARKING FEES

Parking fees are charges paid by drivers to park on public property, on- or off-street. Revenues generated by parking fees typically support some combination of general funds, roads, and parking or vehicle enforcement. In some cases, cities have elected to dedicate a portion of parking fees to support public transportation.

GASOLINE TAX

The federal government and all fifty states collect gas taxes - frequently the primary source of transportation funding at the state level. Pros include their ease of administration and stability, in addition to creating an incentive to choose transit over driving. Louisiana parishes, however, are currently not permitted to collect their own gasoline taxes and the Louisiana State gas tax is not indexed to account for inflation.

REAL ESTATE VALUE CAPTURE

The value of surrounding real estate often increases after a transit infrastructure investment. Real estate value capture is based on the idea that the increased value can be captured and rededicated to transit as a new funding source to support operations. Typically, these exist as assessment districts - where a special tax is applied to nearby property owners - or tax increment financing - a tool that allows local governments to dedicate future increases in property taxes resulting from transit improvements. Despite significant recent investment in streetcar expansion in New Orleans, much of which has resulted in substantial real estate activity, this mechanism has not yet been utilized here to support transit operations.

FEDERAL FUNDING

The federal government provides limited operational support for transit agencies, more typically funneling investment to capital needs. Federal operating support for transit agencies typically requires a 50% local funding match.

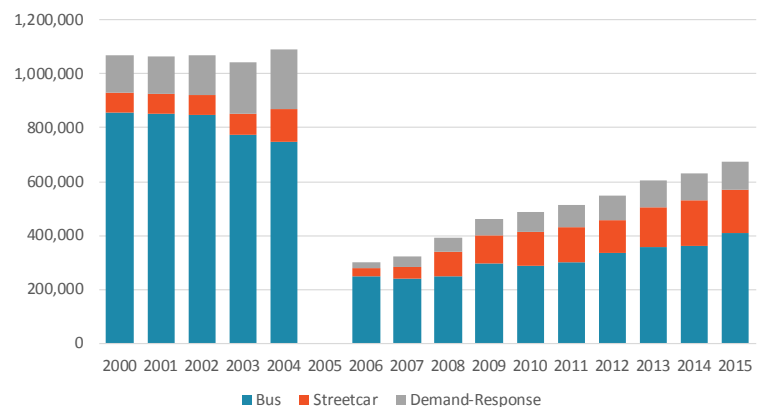
Committing to a Frequent, Comprehensive Network

Frequent, reliable service is the foundation for a quality transit system. That's why Ride New Orleans calls on the Mayor's Administration, New Orleans City Council, and RTA Board of Commissioners to commit to putting RTA vehicles in service for 1,000,000 VRH in the year 2020. This level of service will make it possible to restore frequent transit service to the majority of New Orleans neighborhoods and workers, putting better job and housing opportunities within easier reach.

Why One Million VRH?

First, one million VRH will achieve restoration of the overall committed level of service RTA provided prior to 2005. In 2004, when the city's population was about 444,000, the agency provided 1,091,615 VRH - a ratio of 2.46 VRH per capita. In 2015, this ratio had fallen to 1.73. At a projected average annual growth rate of 1.2%, the Orleans Parish population will pass 412,000 by 2020. Restoring 1 million VRH would restore the ratio above 2.4 VRH per capita (Table 5).

Figure 17: VRH by Mode, 2000-2015



Source: NTD 2000-2014; Regional Transit Authority 2015 NTD Filings

Table 5: Vehicle Revenue Hours per Capita

Year	Orleans Parish Population	RTA Annual Vehicle Revenue Hours	VRH / capita
2004	444,515	1,091,615	2.46
2015	389,617	674,074	1.73
2020	412,841*	1,000,000	2.42

Sources: U.S. Census Bureau; NTD 2004; Regional Transit Authority 2015 NTD Filing; Ride New Orleans analysis.
*Projected

Second, more service hours is the most popular request of the transit riding public. In November and December of 2014, Ride New Orleans hosted five focus groups with transit riders from across the city. At the focus groups, riders shared experiences both good and bad, with riding transit in New Orleans and were asked to define what quality transit looks like. Riders expressed a desire for more service, highlighting the need to put more buses on the line; address long waits, increase weekend, late night and early morning service; and to tackle overcrowding on popular routes.

To reach the goal of 1,000,000 VRH by 2020, the RTA will need to increase hours an average 8% each year.

As shown in the previous chapter, when the RTA increased VRH by 11%, the average number of jobs accessible within a 30-minute commute increased by 9-to-12%. Much of this improvement was only possible because service was very low at night and modest improvements could have a tremendous impact at those hours. While it cannot be assumed that other increases in VRH would continue to be as impactful, the correlation between VRH and accessibility clearly exists. The strength and value of that correlation requires further study.

If the RTA were to increase its service to 1 million VRH, the average percentage of regional jobs accessible within 30-minutes could increase from 11% to 16%. The actual number will depend on how efficiently new service is designed and allocated, and the extent to which it coordinates with Jefferson Transit service. Improvements in the transit system (bus priority lanes, express buses, all-door boarding, etc.) and land use patterns (higher job and residential density in central locations) could make access to jobs even better.

Where should new service go?

The questions of which transit routes should be increased in frequency, and whether bus routes should be redrawn to create a more efficient overall transit network, are complex and require the input of a diverse array of stakeholders. As such, the questions should be resolved through the Strategic Planning process which the RTA is preparing to kick off. Only through a comprehensive, fair, and inclusive process through which all riders may participate will the new service be appropriately allocated.

Following the completion of the visioning called for in the Strategic Master Plan RFQ, the RTA should invest in a subsequent revision of the bus and streetcar network and operation that aligns with the vision and efficiently allocates service.

What will it cost?

Operating: RTA reports that the marginal cost for additional bus service in 2016 is \$90.44. This cost is lower than the overall average cost per VRH because increasing service hours does not entail the

same level of investment in fixed operating costs. To reach 1 million total service hours by 2020 via increases in fixed route bus service alone, RTA would need to increase bus VRH by an average of 65,191 each year, including 2016. From 2017 to 2020, each addition of this amount of service, in 2016 dollars, would result in a \$5.9 million annual increase in operating expenses.

Capital: Increasing the number of VRH by over 300,000 will require purchase of additional vehicles, as the current fleet of fixed-route buses is running at capacity during peak hours, according to RTA officials. The precise number needed will depend on several criteria, including but not limited to: the pace at which peak hour service is expanded over time; how service is allocated throughout the system; and the efficiency with which scheduling is revised. As such, the increase in new capital assets will not necessarily be proportional to the increase in level of service. The RTA declined to provide an estimated capital cost for serving a hypothetical increase of VRH to 1 million total hours in response to Ride New Orleans' request.

Regardless of the cost, the Federal Transit Authority typically subsidizes 80% of capital purchases such as these. For instance, at approximately \$500,000 for a standard new natural gas bus, a purchase of 30 new buses would require \$3 million in local funds (30 x \$500,000 x 20%). The RTA should begin preparing for future service expansions by estimating capital costs for service in the 5, 10, and 20 year scenarios in its Strategic Transit Planning process, and budget for them in annual capital budgets.

Empowering a Transit Funding Committee

Reaching the goal of 1,000,000 VRH by 2020 will likely require the RTA to both cut costs and generate new revenues. Ride New Orleans recommends that a transit funding committee of local businesses, elected officials, and community leaders be created to aid in these tasks while simultaneously building public support.

In developing such a committee, leaders from the City and RTA should look to nearby Baton Rouge, where the Mayor formed a Blue Ribbon Commission in 2011 to support creation of a transit plan and develop a strategy for identifying a permanent source of revenue for the Capital Area Transit System's (CATS) operations. The Commission was seated with community and business leaders and public officials alike. With a plan in place and a funding source identified, the Commission worked to build community support, and ultimately succeeding in passing a property millage to fund transit operations in April 2013. Since then, CATS has undergone a dramatic reform providing much improved services and new technology to its riders.

As the RTA embarks on creating their own Strategic Transit Plan, City leaders should empower a Transit Funding Committee that can work to identify cost savings and new revenue sources to support implementation of the ultimate vision for transit in New Orleans.

Conclusion

Our analysis shows that the RTA continues to expand transit access in neighborhoods across the city. Furthermore, broad policy objectives, including a new strategic transit plan and state-level support for regional rail, have brightened the path toward a more equitable, mobile city and region.

But serious challenges remain. We pay more for service than the national average, and have not expanded our sources of revenue. As a result, only a handful of routes run frequently during peak hours, and too many routes cease operation in the late evening and early hours. Only 11% of the region's jobs on average are accessible within a 30-minute transit commute.

At the time of this report's writing, the RTA is procuring a consultant to develop a strategic master plan. The City Administration and Council should embrace this opportunity to build a comprehensive and shared vision for the role transit ought to play in the city's economic development and opportunity for residents. Meanwhile, they, along with the Board of Commissioners, should commit to supporting the vision by identifying measures to both reduce the cost of service and increase revenues for transit operations. Doing so will accelerate the agency's return to achieving 1 million VRH, and making jobs, housing choices, schools, and amenities accessible to all New Orleanians.

The RTA has begun to implement one of three key action steps recommended by Ride New Orleans in its 2015 State of Transit report, *Ten Years After Katrina*: the development of a transit master plan. The second and third action steps remain critical today.

Act on immediate operations improvements to optimize transit service performance.

The RTA should also seize on immediate opportunities to improve transit service using technology, design, and new operating approaches to weed out inefficiencies. Improvements range from speeding up the boarding process through new fare technologies to giving transit vehicles traffic signal priority and can result in faster, more reliable transit service for riders and cost savings for the RTA.

Make it easier to travel across parish boundary lines.

The RTA must embrace the "regional" in their name and work to overcome political hurdles that prevent the truly regional transit service needed to support our regional economy. The RTA must develop partnerships with neighboring transit systems to coordinate a regional fare structure, and provide new regional transit routes that are not limited by parish boundary lines.

Endnotes

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2. O'Donoghue, Julia. "John Bel Edwards says he will do 'everything' to get light rail from New Orleans to Baton Rouge" NOLA.com | The Times Picayune 18 Dec. 2015. Accessed July 2, 2016. http://www.nola.com/politics/index.ssf/2015/12/john_bel_edwards_light_rail.html
3. Pre-Service Expansions is based on weekday RTA service provided on October 1, 2015. Post-Service Expansions is based on weekday RTA service provided on June 1, 2016. Both service level scenarios use Jefferson Transit data collected in 2014.
4. (iNTD - http://www.ftis.org/iNTD-Urban/tcrp_peers.aspx). The iNTD is sponsored and overseen by the Florida Department of Transportation and the peer selection model was developed as part of the TCRP-G11 project, which was led by Kittelson and Associates, Inc.
5. This analysis uses the Bureau of Labor Statistics' Consumer Price Index Inflation Calculator to adjust previous years spending to 2014 dollars.
6. American Association of State Highway and Transportation Officials, Final Report 2016—FY 2014 Data Public Transportation Survey of State Funding, April 2015. Available at: <http://scopt.transportation.org/Documents/SSFP-10-UL.pdf>
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