Volume 1: The Role of Transit in a Growing Region

Service Area Guidelines – Options for Service Gaps in Urban Public Transit

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Prepared for
VIA

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1.0 Executive Summary

The purpose of this document is to provide VIA Metropolitan Transit (VIA) with information and guidance for serving gaps in urban public transportation through possible service area expansion. The document begins with a description of the factors leading to VIA's consideration of developing service area expansion guidance, along with barriers and challenges to service area expansion. The document concludes with short- and long-term actions and strategies in the development of service area expansion guidance.

1.1 Service Area Expansion: Opportunities, Barriers, and Challenges

1.1.1 Opportunities for Service Area Expansion

The opportunities for VIA's service area expansion include the following:

- **Regional growth and demographic patterns.** Population, employment, income, future travel conditions, and sociodemographic trends are important to consider when planning for service area expansion. Regional growth and demographic changes within the San Antonio Urbanized Area (UZA) are indicators of the need for service area expansion in the future.

- **Expansion of the San Antonio UZA.** The addition of nonmember jurisdictions to the San Antonio UZA that are outside of the current VIA service area after the most recent decennial census brings an opportunity to explore potential expansion of services into these jurisdictions. In addition, the urban designation means that these nonmember jurisdictions lose the eligibility for rural funding, but became eligible to receive the Federal Transit Administration (FTA) Section 5307 UZA funds for transit capital and operating assistance for which VIA is the designated recipient. Given future demographic growth, it is almost certain that this situation will repeat itself after future decennial censuses. VIA has established a process to share FTA Section 5307 grants with nonmember jurisdictions in the short term, provided that local matching funds are committed.

- **Future traffic conditions.** Population and employment trends are inextricably tied to future travel conditions, including gaps in transit service and the level of congestion in key corridors. Additionally, identifying where areas are most congested and underserved by transit provides indicators for future service area expansion. The needs assessment conducted in VIA's Vision 2040 Long Range Plan shows how transit needs will expand beyond the current service area.[1]

- **Interest in VIA services from nonmember jurisdictions.** Some cities outside the current service area have expressed interest in contracting VIA services, which increases the potential for

[1] Documented in *Needs Assessment* in *Volume 1: The Role of Transit in a Growing Region*

future requests from local governments or other entities to expand VIA services outside the current service area.

1.1.2 Barriers and Challenges to Service Area Expansion

The barriers and challenges to service area expansion are:

- **Financial.** Nonmember jurisdictions must adopt a one-half percent sales tax to join VIA's service area (Texas Transportation Code, Section 451.402). However, legislation capping local sales taxes at 2 percent may limit a jurisdiction's ability to join. There also are equity concerns regarding providing new services to nonmember jurisdictions, or connecting to existing services paid for by sales tax revenues from member jurisdictions if the nonmember jurisdictions are not paying their fair share of sales tax. VIA also has to consider the implications of service growth beyond the current service area to the agency's financial capacity.

- **Operational.** VIA should consider the implications of adding a new service area in terms of potential capacity constraints, coordination with other non-VIA services that may serve these jurisdictions, effects to productivity standards and land use, potential creation of service gaps ("donut holes") in VIA's service area, and the impact to VIA's operating expenses.

- **Legal and institutional.** There are legal and institutional concerns that must be addressed before service area expansion as it relates to the legality of using labor beyond established service area boundaries and potential liabilities, among others.

1.2 Approach to Service Area Expansion

The following guidelines for VIA's service area expansion were developed considering the likely scenarios by which a nonmember jurisdiction may consider joining VIA:

- A nonmember jurisdiction becomes part of the San Antonio UZA, losing rural funding (Federal/state), but becoming eligible for FTA Section 5307 funds for which VIA is the designated recipient);

- A technical assessment identifies the need to provide public transportation services outside the current service area; and

- A nonmember jurisdiction expresses interest in VIA services.

A list of options is provided with guidelines to address service are expansion concerns. VIA should adopt policies, in addition to guidelines, to effectively address service area expansion. Therefore, the approach to service area expansion will consider two timeframes for guidelines and policy development: short term and long term.

1. **In the short term**, guidelines should address the prospect for distributing Section 5307 funds for transit services in the jurisdictions recently added to the UZA. In addition, VIA should consider

developing a policy that guides service area expansion in the future beyond 2020, as it is expected that regional growth would result in additional jurisdictions to become part of the UZA.

2. **In the long term**, service area expansion guidelines should address how to add jurisdictions into the service area and identify contractual arrangements that can be developed to provide service to nonmember jurisdictions. In addition, VIA should develop and adopt policies to help assess the desirability of adding jurisdictions to its service area.

The recommended short- and long-term actions to implement a service area expansion policy are summarized in Table 1.1. Sections 3.2 and 3.3 describe each of these actions in more detail.

Table 1.1 Short-Term/Long-Term Actions

Short Term	Long Term
Action #1: Establish the local share policy for FTA Section 5307 funds for capital expenses.	**Action #8:** Create VIA's Service Area Expansion Policy, incorporating actions from the short-term strategy.
Action #2: Study potential suballocation formulas for implementation in the short and/or long term.	**Action #9:** Develop guidelines/standards to assess "desirability" to add a jurisdiction into VIA's service area.
Action #3: Initiate outreach to stakeholders, starting at the staff level.	**Action #10:** Develop list of jurisdictions with "potential" to join the VIA service area and conduct assessment of "desirability" and barrier/challenges to become part of VIA.
Action #4: Create a plan for stakeholder involvement.	
Action #5: Create a committee that comprises VIA and Alamo Area Metropolitan Planning Organization (AAMPO) staff to address immediate needs, such as policy development and support of Transit Development Plans (TDP).	
Action #6: Adopt policy requiring nonmember jurisdictions to prepare TDPs as a requisite to receive FTA Section 5307 funds.	
Action #7: Consider expansion of vanpool services and revise the current policy to allow vanpool trip to begin or end within the AAMPO boundary or San Antonio Metropolitan Statistical Area (MSA).	

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2.0 Service Area Expansion: Opportunities, Challenges, and Barriers

The purpose of this document is to provide VIA with information and guidance for service area expansion. The document begins with a description of the factors leading to VIA's consideration of developing service area expansion guidance, along with barriers and challenges to service area expansion. The document concludes with guidance to service area expansion and short- and long-term actions and strategies in the development of service area expansion policies.

2.1 Service Area Context

VIA Metropolitan Transit is a special purpose local government agency responsible for providing public transportation in the City of San Antonio, Bexar County, and several other cities in Bexar County. VIA began providing public transportation service in March 1978. Funded by a one-half percent sales tax levied in the City of San Antonio and eleven other incorporated municipalities, VIA provides services including local bus, Bus Rapid Transit (BRT), paratransit service, and vanpool programs.

Nonmember jurisdictions must adopt a one-half percent sales tax to join VIA's service area (Texas Transportation Code, Section 451.402). However, legislation capping local sales taxes at 2 percent may limit a jurisdiction's ability to join. Table 2.1 provides a timeline of major milestones associated with the creation and definition of the VIA service area.

Table 2.1 VIA Service Area Milestones

Year	Milestone
1977	Residents in the Cities of San Antonio, Alamo Heights, Balcones Heights, Castle Hills, Olmos Park, Terrell Hills, Leon Valley and Shavano Park vote to establish VIA Metropolitan Transit.
1978	VIA begins operations. Residents in Kirby vote to join VIA service area.
1979	Residents in unincorporated areas of Bexar County and suburban cities of China Grove and Grey Forest vote in VIA service by a margin of 10 to 1. Portions of municipalities within Bexar County, such as Schertz and Cibolo vote to join VIA service area. Cities of Von Ormy, Fair Oaks Ranch, Grey Forest and Helotes vote to join VIA service area.
1980	The Cities of Hollywood Park and Windcrest vote to join VIA service area.
1981	The City of Elmendorf votes to join VIA service area.
1984	The City of Converse votes to join VIA service area.
1988	The City of St. Hedwig votes to join VIA service area.
1995	The City of Selma votes to join VIA service area.
1997	The City of Windcrest withdraws from VIA service area.
2000	The City of Helotes withdraws from VIA service area.
2003	The City of Hollywood Park withdraws from VIA service area.
2004	The Cities of Grey Forest and Selma withdraw from VIA service area.
2008	The City of Fair Oaks Ranch withdraws from VIA service area.
2009	The City of Von Ormy withdraws from VIA service area.
2010	Urbanized Area (UZA) redefined by Census to include cities outside of Bexar County including: New Braunfels, Cibolo, Marion, Schertz, and Bulverde.
2012	Urbanized Area (UZA) cities outside of Bexar County no longer qualify for Rural Transportation Funds (FTA/TXDOT 5311).
2013	VIA Board agrees to provide 5307 funding through interlocal agreements to continue demand response transit services to UZA cities.

2.2 Opportunities for Service Area Expansion

The opportunities for VIA's service area expansion include the following:

- Regional growth and demographic patterns;
- Expansion of the San Antonio UZA;
- Future travel conditions; and
- Interest in VIA services from nonmember jurisdictions and other entities.

2.2.1 Regional Growth Patterns and Demographics

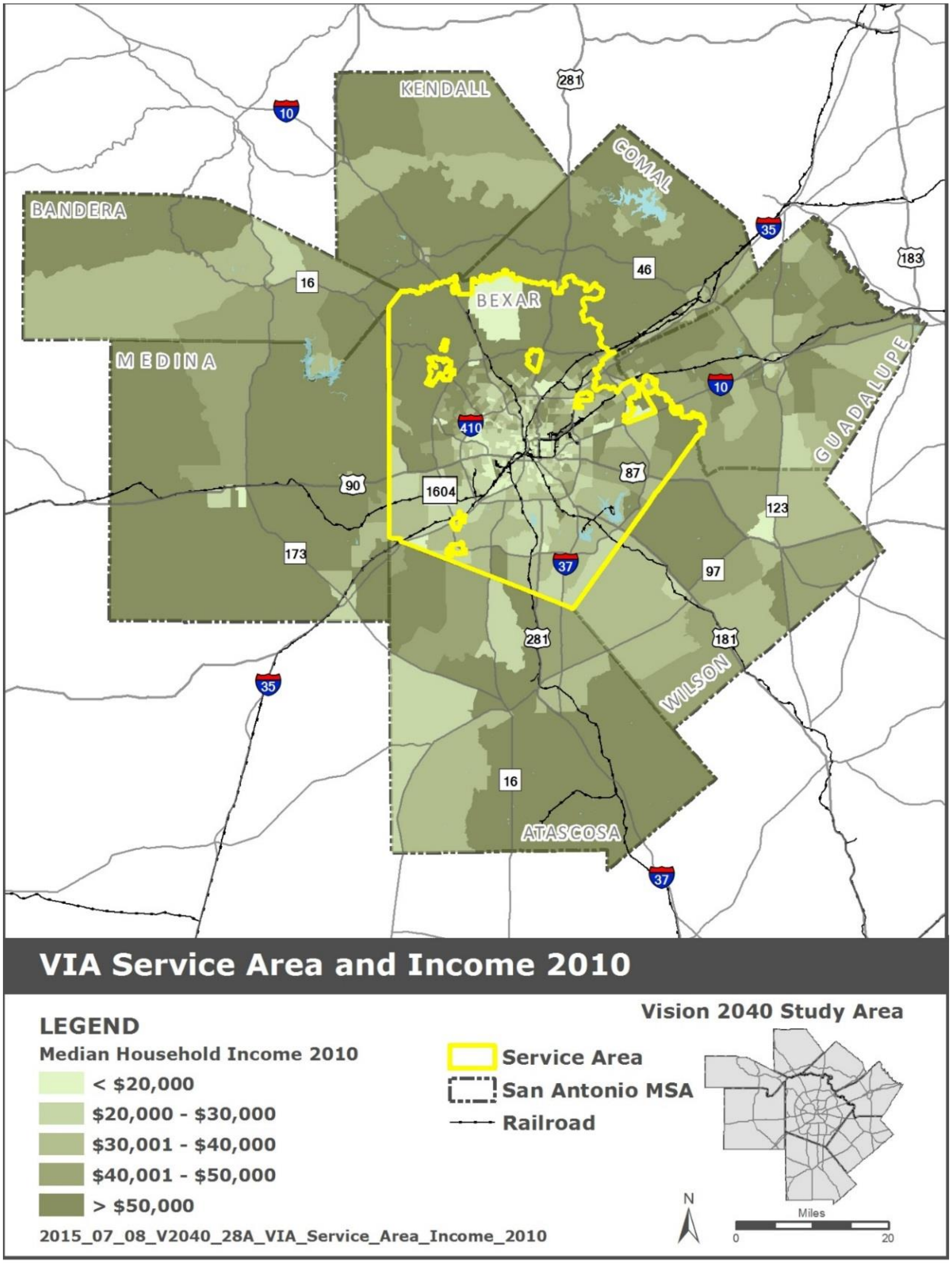
Population, employment, income, future travel conditions, and sociodemographic trends are important variables to consider when planning for service area expansion. The demographics analysis, conducted as part of the Vision 2040 Long Range Plan needs assessment (see *Needs Assessment* in *Volume 1: The Role of Transit in a Growing Region*), shows that population and employment in the Greater San Antonio Region is expected to increase significantly with the majority of growth occurring in Bexar County, which is projected to expand by 1.1 million residents between 2010 and 2040. Population and employment forecasts also show significant growth in Comal and Guadalupe Counties, contributing 10 and 12 percent of regional growth, respectively (Alamo Area Metropolitan Planning Organization (AAMPO) Model, Texas Department of Transportation (TxDOT) Statewide Analysis Model (SAM)). Future growth provides an opportunity to serve new transit markets, whether it is connecting existing VIA services to areas outside VIA's current service area, or providing new transit services to address the demand for public transportation.

Demographic characteristics, such as low-income households and population over 65 years old, are indicators of transit-disadvantaged populations. Knowing where these groups reside can help when planning for both future service area expansion and equitable transportation options.

According to the Federal Transit Administration (FTA), Section 5307 funds are allocated based on low-income persons residing in the jurisdiction. Additionally, the Moving Ahead for Progress in the 21st Century Act (MAP-21) designated that 3.07 percent of Section 5307 funds be made available on the presence of low-income individuals in a UZA (Transit Research Cooperative Program, 2014a). A range of household incomes in the study area is shown in Figure 2.1. Lower-income households are shown in and around Bexar County, while higher-income households congregate around the Comal, Medina, and Atascosa Counties.

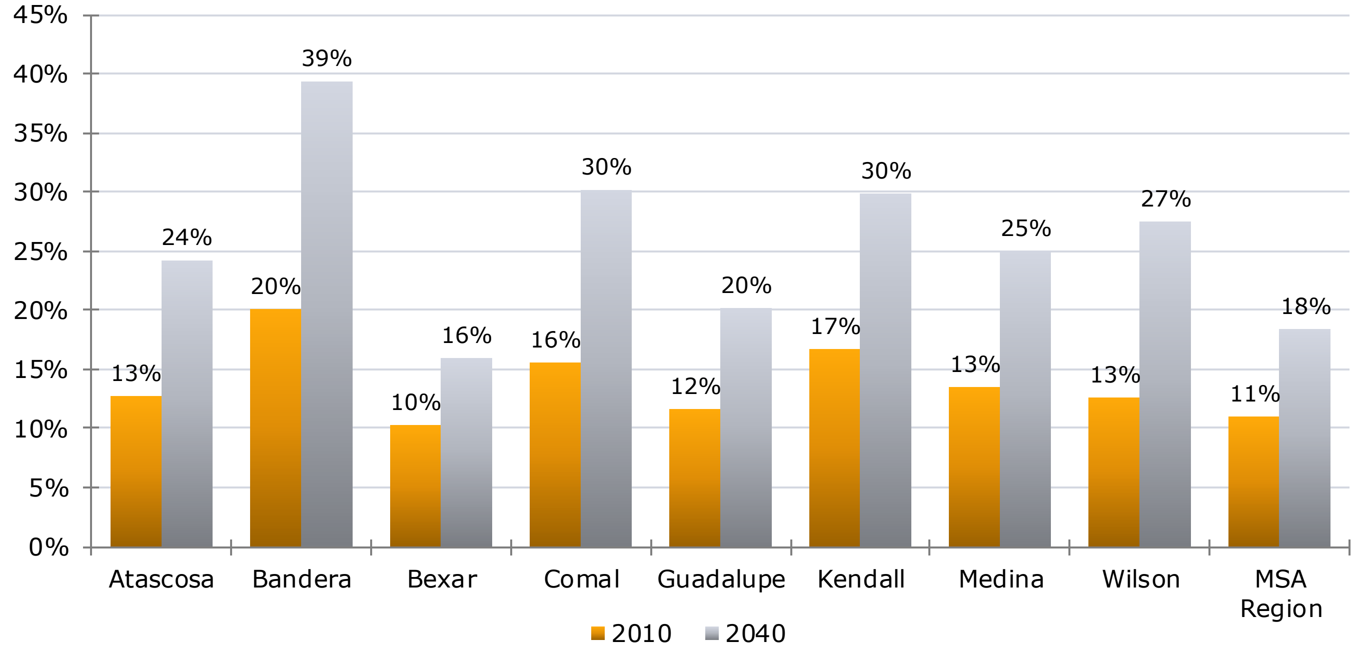
Across the nation, population ages 65 and above is expected to double by 2030 (TCRP, 2014b). While older adults of the future are expected to be healthier and more active, there will be a significant number of older persons with mobility limitations. Older adults living outside of VIA's current service area with limited mobility could benefit from VIAtrans, which serves residents within three-quarter miles of a fixed bus route. Between 2010 and 2040, the number of residents over 65 is expected to increase by approximately 451,000, accounting for 18 percent of the total population in the Greater San Antonio Region (Figure 2.2); a figure that reflects nationwide trends (Texas State Data Center, Population Tools, 2014). Approximately one-half of these new residents will live in Bexar County, representing 16 percent of the total projected county population. However, residents over 65 years old are forecast to represent an even higher portion in Bandera (39 percent), Comal (30 percent), and Wilson (27 percent) Counties. Higher percentages of the elderly population residing in transportation analysis zones outside the service area are shown in Figure 2.3.

Figure 2.1 VIA Service Area and Income 2010



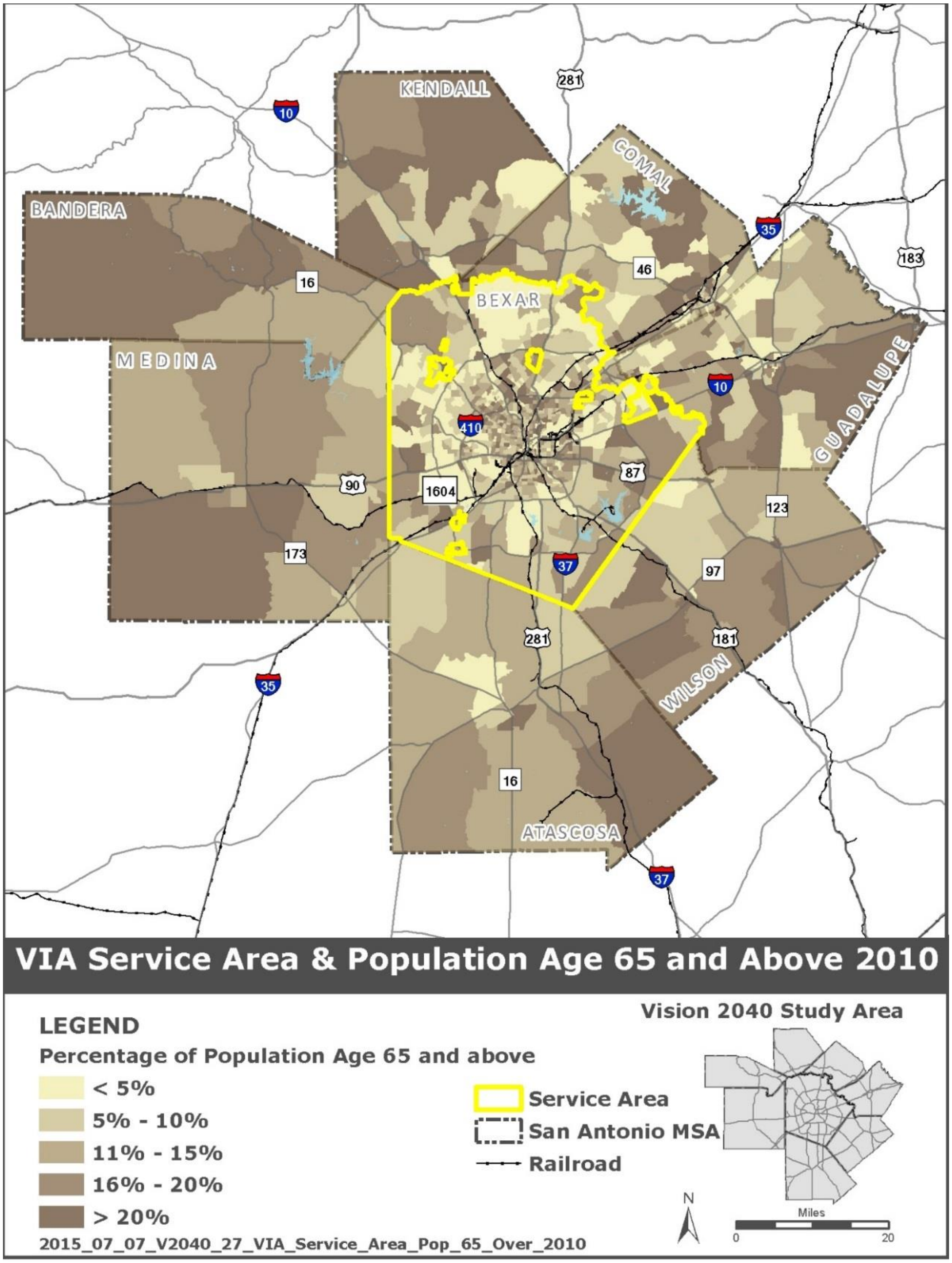
Source: Census Transportation Planning Products (CTPP), based on 2006-2010 five-year American Community Survey (ACS).

Figure 2.2 Percent of Population Age 65 and Older



Source: Texas State Data Center, Population Projections Tool, 2014.

Figure 2.3 VIA Service Area and Population Age 65 and Above



Source: CTPP, based on 2006-2010 five-year ACS.

2.2.2 Expansion of the San Antonio UZA

UZA are defined by the Census Bureau as densely settled territory with populations of more than 50,000. UZAs are defined primarily on population counts and residential population density. The identification of UZAs is important for both planning and Federal funding purposes.

The current VIA service area includes many urban and suburban areas, including the City of San Antonio and all unincorporated areas of Bexar County, as shown in Figure 2.4. The municipalities within the service area voted in the late 1970s to dedicate a one-half percent sales tax to transit. VIA's service area excludes a number of municipalities within Bexar County that opted out of the dedicated sales tax.

The San Antonio UZA boundaries have expanded in the past 10 years, adding localities beyond the boundaries of VIA's service area and of Bexar County, as shown in Figure 2.5. The following areas have become part of the San Antonio UZA and are outside of VIA's current service area: the Cities of New Braunfels, Cibolo, Marion, Schertz, Selma, and Garden Ridge; as well as the census designated place of McQueeney. Before becoming part of the San Antonio UZA, these areas were designated as rural, and received Federal and state assistance for public transportation services in rural areas. With the "urban" designation, they lost the "rural" funding (FTA Section 5311 and state assistance), but became eligible to receive FTA Section 5307 UZA funds for transit capital and operating assistance, for which VIA is the designated recipient. Given projected population growth in the area, which is expected to grow by 1.6 million additional residents between 2010 and 2040, it is expected that the San Antonio UZA will continue to expand, as shown in Figure 2.5.

With the addition of new jurisdictions to the San Antonio UZA outside of the current VIA service area and as a designated recipient of FTA Section 5307 funds for the San Antonio UZA, which are to be shared with nonmember jurisdictions, VIA would like guidance on potential expansion of services into these jurisdictions. The Texas Transportation Code states that a jurisdiction can be incorporated into a transit authority's service area by adopting a dedicated local sales tax to support the transit service. However, the state law also states a jurisdiction may not exceed an optional sales tax of 2 percent. Many of the newly incorporated jurisdictions in the San Antonio UZA are unable to adopt an additional sales tax because they reached the 2 percent local sales option cap. While the need for public transportation continues to grow in these jurisdictions, it is not feasible in the immediate term to incorporate them into the VIA service area through the dedicated local sales tax. VIA has established a process to share FTA Section 5307 grants with nonmember jurisdictions in the short term, provided that local matching funds are committed.

Figure 2.4 VIA Service Area

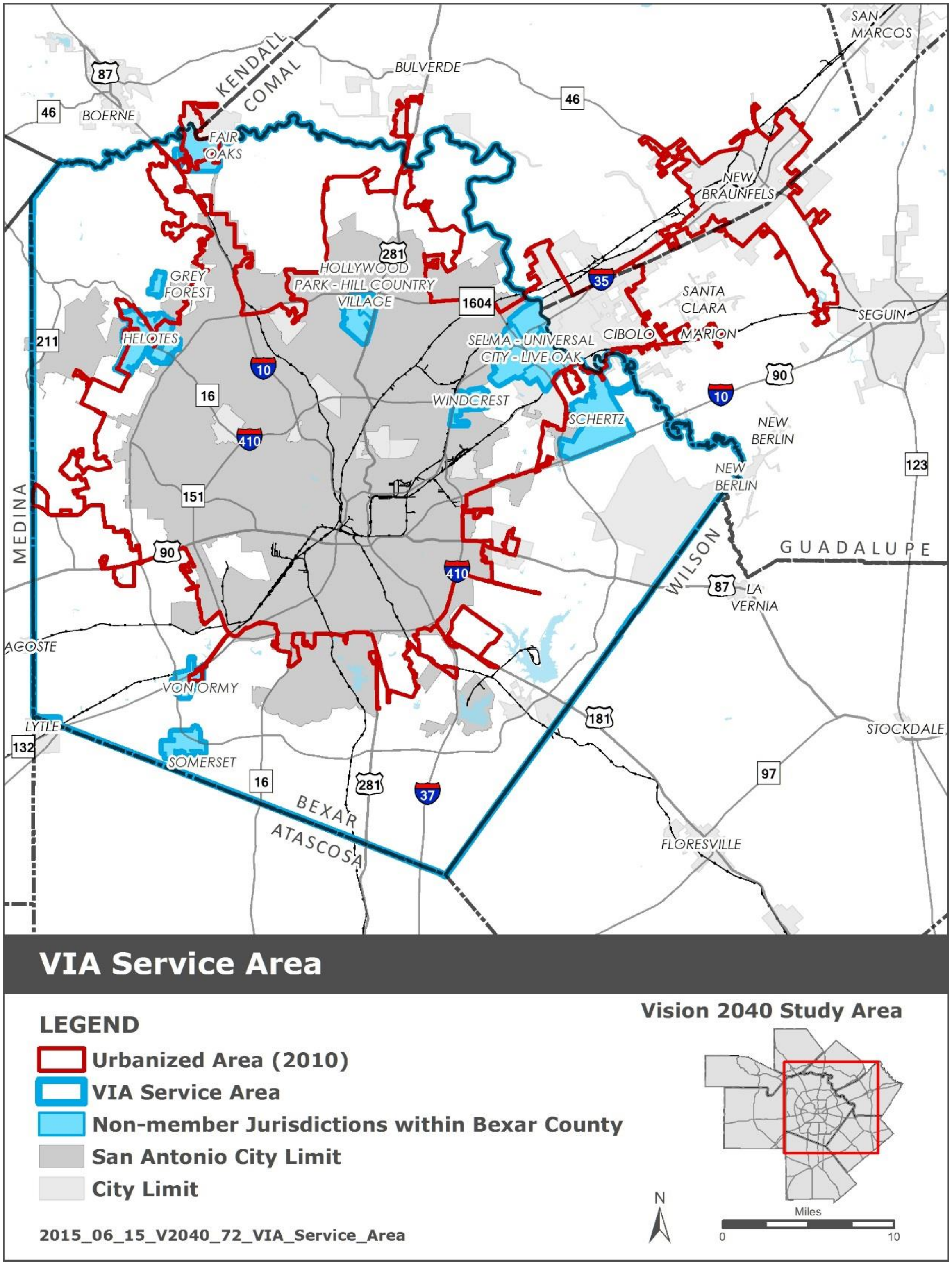
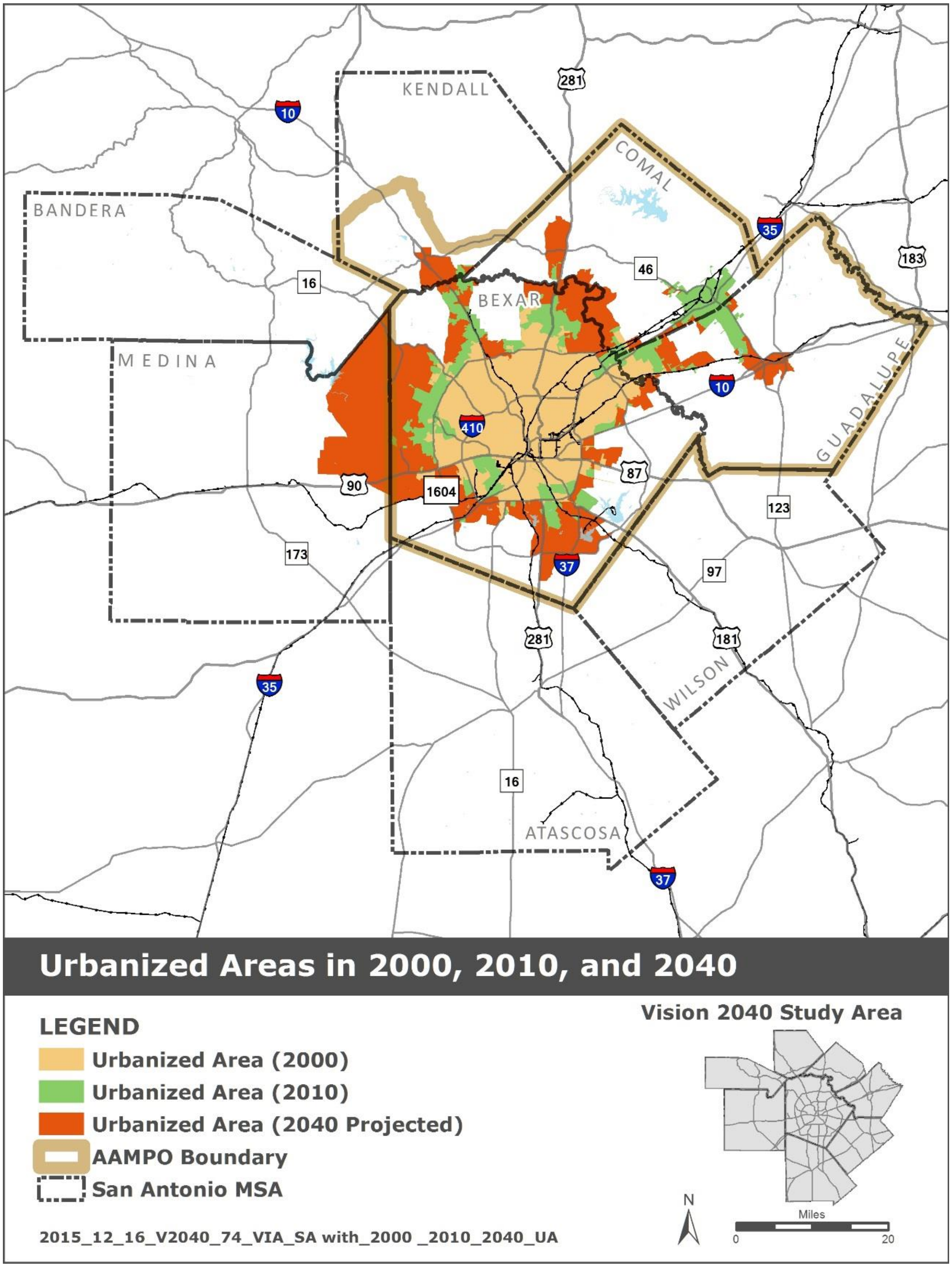


Figure 2.5 MPO Boundary with 2000, 2010, and Projected 2040 San Antonio UZA



2.2.3 Future Travel Conditions

Population and employment trends are inextricably tied to future travel conditions, including gaps in transit service and the level of congestion in key corridors. An analysis of traffic flows shows that, while Bexar County is the primary generator of transportation activity in the area, there is significant flow between Bexar County and Comal, Guadalupe, and Kendall Counties. Much of this intercounty travel is driven by trips starting in New Braunfels and Seguin, located along I-35 and I-10, respectively, and traveling to Bexar County. Expanding the existing service area to major activity centers can facilitate additional connectivity to these areas where travel demand is high.

Additionally, several corridors connecting activity centers within San Antonio to regional activity centers are heavily congested. Links between downtown San Antonio and the northwestern suburbs, including the South Texas Medical Center, University of Texas at San Antonio (UTSA), and SH 151–Loop 410 area, are mostly over capacity, reflecting high growth in these areas. Connections between Bexar County and Wilson, Guadalupe, and Comal Counties are strained, with many key segments of the roadway network over capacity. By 2040, the northwestern suburbs between Loop 1604 and Loop 410, as well as key links between downtown San Antonio and the rest of the city, are all expected to exceed capacity. Extending public transportation access to those areas can potentially improve accessibility and increase ridership in the system.

Identifying where areas are most congested and underserved by transit provides indicators of demand for service area expansion. The Travel Demand Index measures the potential transit demand of each census block in the study area. The census block's characteristics are taken into account, which are associated with high potential transit ridership, and estimates the significance of these associations.

2.2.4 Interest in Public Transportation Services from Jurisdictions Outside the Current Service Area

Through the stakeholder outreach and engagement process undertaken as part of VIA's Vision 2040 Long Range Plan, many cities outside the current service area expressed interest in contracting VIA services if an alternative funding source could be used as the local contribution for these services in lieu of the required dedicated sales tax. The partner meetings also identified interest for VIA services to other facilities (e.g., park & ride) and entities (e.g., higher education institutions) outside the VIA service area.[2] Therefore, there is potential for future requests from local governments or other entities to expand VIA services to other nonmember cities.

2.3 Barriers and Challenges to Service Area Expansion

A literature review and VIA staff workshop were used to identify the barriers and challenges to service area expansion and to gain an understanding of the policies that may impact service area expansion. Important considerations discussed at the meeting and identified in the literature review are summarized below.

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[2] Documented in the *Phase 1 Stakeholder Outreach Summary* in *Volume 2: Developing Vision 2040*

- **Financial:**

  - **Local Sales Tax.** As noted above, jurisdictions must adopt the one-half percent local sales tax to join VIA's service area. However, many of these jurisdictions have reached the legislative cap of 2 percent, limiting their ability to join VIA. The service area expansion policy may include an option for nonmember jurisdictions at the sales tax cap to join by dedicating another funding source equivalent to the sales tax. Another option would be for VIA and a nonmember jurisdiction to consider supporting a legislative proposal to increase the local sales tax cap if approved by voters for metropolitan transit services. This would require a legislative amendment to be approved by the Texas legislature and the governor.

  - **Sharing of FTA Section 5307 Funds**. If the voters in jurisdictions recently added to the UZA are not allowed by statute to authorize the required sales tax, their administration could work with VIA to determine how to share FTA Section 5307 funds, which are used for capital, planning, job access and reverse commute projects, and operations (with exceptions). In the San Antonio UZA, VIA is the direct recipient of FTA Section 5307 funds.

  - **Use of Dedicated Funds.** When jurisdictions want to join VIA (either through one-half percent sales tax or another dedicated funding source), VIA should consider formulating a policy around the use of funding. For example, Sound Transit (Seattle) has a policy where funds from new jurisdictions are committed to specific services/area for a period of five years, after which the funds are mixed with the agency revenues. In this case, the policy tries to balance the new member jurisdiction's service needs leading to its incorporation into the existing service area with the expectations of equity in the use of funds among all member jurisdictions.

  - **Equity Concerns.** Providing public transportation services to nonmember jurisdictions (through a contractual agreement) that connect to the existing service area (i.e., service paid by member jurisdictions with the dedicated sales tax) may raise questions about fairness. VIA may include in its policy an access or impact fee as a condition to contractual services connecting with public transportation services in the VIA service area. In addition, equity concerns could be raised by existing service area members if jurisdictions are allowed to join the service area by dedicating another funding source, given that current service area members did not get an option to fund transit service with funding other than the sales tax.

  - **VIA's Financial Constraints.** Expanding VIA's service area brings financial implications. Even if a jurisdiction joins, revenues may fall short compared to the cost of providing services. Furthermore, VIA must provide VIAtrans services within three-quarters of a mile of fixed route bus services. According to FTA National Transit Database (NTD) statistics, the cost per trip of VIAtrans is 10 times higher than fixed route bus ($30.59 per trip for paratransit versus $3.09 per trip for fixed route bus). VIA must consider the financial impact and require jurisdictions to either provide paratransit services or reimburse VIA for the cost of providing paratransit services through VIAtrans. In addition to operating expenses, VIA must also consider the financial implications related to capital investments (e.g., bus stops or shelters, vehicles) required to provide these services.

- **Operational:**
  - **Operational/Capacity Constraints.** Adding a new jurisdiction into the service area is expected to impact current operations. Some of those potential impacts to operations include the need to expand existing services or to provide new services, efficiency of contracting versus direct operations, the operational implications of providing services to a transit facility (park & ride or transit center) not owned by VIA, and coordinating with services provided by other transit operators. These operational concerns should be addressed as part of VIA's service planning policies.
  - **Operating Costs.** Adding a new jurisdiction will bring financial implications regarding operating costs. In addition to the subsidy requirements of operating any new or expanded service, in the case of adding fixed route services, it also will require the provision of paratransit services that are more costly to operate.
- **Legal and Institutional:**
  - The policy should define what types of arrangements (e.g., contract for service, becoming FTA direct recipient or subrecipient for FTA Section 5307 fund) can be established to add jurisdictions into the service area or to share Federal funds.
  - Institutional arrangements and agreements between VIA and nonmember jurisdictions should include requirements as conditions to sharing FTA Section 5307 funds; or to provide VIA services, such as requiring transit development plans and funding commitments to ensure that services emerge from a planning process that takes into account a broader regional perspective, that the financial implications are well understood, and that funds are available to support the new services; and the roles and responsibilities of VIA and nonmember jurisdictions are well understood and documented.

VIA must consider potential liability issues of expanding VIA services outside its service area and providing service to facilities not owned by VIA, including access to private property, compliance with the Americans with Disabilities Act (ADA) requirements, and operations on nonmember jurisdiction right-of-way (ROW). Issues regarding labor agreements and the implications of sending VIA employees to work outside the service areas, security concerns, and insurance requirement also should be considered.

3.0 Approach to Service Area Expansion

The guidelines for VIA's service area expansion were developed considering the likely scenarios by which a nonmember jurisdiction may consider joining VIA.

- A nonmember jurisdiction becomes part of the San Antonio UZA, losing rural funding (i.e., FTA Section 5311/state public transportation funding), but becoming eligible for FTA Section 5307 funds, for which VIA is the designated recipient.
- A technical assessment identifies the need to provide public transportation services outside the current service area.
- A nonmember jurisdiction expresses interest in VIA services.

A list of options is provided with guidelines to address service area expansion concerns. VIA will need policies, in addition to guidelines, in place to effectively address service area expansion. Therefore, the approach to service area expansion will consider two timeframes for guidelines and policy development: short term and long term.

1. **In the short term**, guidelines should address the prospect for distributing Section 5307 funds for transit services in the jurisdictions recently added to the UZA, which are the Cities of New Braunfels, Garden Ridge, Cibolo, Marion, Schertz, Selma, and Census Designated Place of McQueeney. In addition, VIA should consider developing a policy that guides service area expansion in the future beyond 2020, as it is expected that regional growth would result in additional jurisdictions to become part of the UZA.
2. **In the longer term**, service area expansion guidelines should address how to add jurisdictions into the service area, and identify contractual arrangements that can be developed to provide service to nonmember jurisdictions. In addition, VIA should develop and adopt policies to help determine the desirability of adding jurisdictions to its service area.

The recommended short- and long-term actions to implement a service area expansion policy are summarized in Table 3.1. Sections 3.2 and 3.3 describe in detail each of these actions.

Table 3.1 Short-Term/Long-Term Actions

Short Term	Long Term
Action #1: Establish the local share policy for FTA Section 5307 funds for capital expenses.	**Action #8:** Create VIA's Service Area Expansion Policy, incorporating actions from the short-term strategy.
Action #2: Study potential suballocation formulas for implementation in the short and/or long term.	**Action #9:** Develop guidelines/standards to assess "desirability" to add a jurisdiction into VIA's service area.
Action #3: Initiate outreach to stakeholders, starting at the staff level.	**Action #10:** Develop list of jurisdictions with "potential" to join the VIA service area and conduct assessment of "desirability" and barrier/challenges to become part of VIA.
Action #4: Create a plan for stakeholder involvement.	
Action #5: Create a committee that comprises VIA and Alamo Area Metropolitan Planning Organization (AAMPO) representatives to address immediate needs, such as policy development and support of Transit Development Plans (TDP).	
Action #6: Adopt policy requiring nonmember jurisdictions to prepare TDPs as a requisite to receive FTA Section 5307 funds.	
Action #7: Consider expansion of vanpool services and revise the current policy to allow vanpool trip to begin or end within the AAMPO boundary or San Antonio Metropolitan Statistical Area (MSA).	

3.1 Scenarios of Transit Services Delivery for Nonmember Jurisdictions

Scenarios were developed to illustrate the guidelines on how to approach service area expansion based on desirability (from VIA or a nonmember jurisdiction) to be part of VIA, or based on Federal funding eligibility (FTA Section 5307 UZA funds). This section focuses on VIA's near-term options and makes reference to potential policies that could assist in the distribution of FTA Section 5307 funds or the provision of VIA services (e.g., requiring transit development plans). Without adopted policies, VIA's service area expansion options are limited. VIA should explore the actions presented in Sections 3.2 and 3.3.

3.1.1 Become Part of VIA's Service Area

- An important requirement to join the VIA service area is to adopt a one-half percent local sales tax. If a nonmember jurisdiction has not reached the statutory local sales tax cap, the jurisdiction may call for a referendum to adopt the dedicated one-half percent sales and use tax for public transportation.
  - If the sales tax is approved by voters, the jurisdiction joins the VIA service area.

- If the sales tax is not approved, then the jurisdiction may consider other alternatives to either join VIA (if such alternatives are available (e.g., dedicating another revenue source equivalent to the sales tax)), or consider an intergovernmental agreement to contract VIA services.

- VIA should require the submission of a Transit Development Plan (TDP), local government resolution, and demonstration of local support.
  - VIA should adopt a policy that describes the process and provides guidance to jurisdictions in the development of TDPs, as described under Action #6 of the short-term strategy (see Section 3.2).

- In the long term (and if adopted), VIA can assess "desirability" of adding jurisdiction to the service area (Action #9).

3.1.2 Contract for Service

Contract for Service with VIA

- The nonmember jurisdiction should develop a detailed proposal of contracted transportation services, including at a minimum:
  - Description of service (new service within the jurisdiction or expansion of an existing VIA route or service);
  - For new service, describe whether it connects the jurisdiction with activity centers within the VIA service area; and
  - Provide a financial plan for the proposed service(s).

- VIA should require the development of a TDP as a condition for contracting. VIA will review and approve the TDP, and use the TDP as the basis for developing a contract for service. The TDP should be updated annually.

- The jurisdiction will pay for:
  - Capital needs of proposed services.
  - Capitalization of existing resources that will be used to provide service to the jurisdiction.
  - Operating expenses based on the fully loaded cost of operations. VIA should estimate this unit cost for contracting purposes, which will differ from the cost of operations used for budgeting and service planning of services within the service area.
  - Include the cost for paratransit services that may be required as part of fixed route implementation, based on the fully loaded cost to VIA of providing this type of service.

- The jurisdiction and VIA will enter into an intergovernmental agreement that lays out the roles and responsibilities of both entities, describes the services, approves any authority required for operations on right-of-way (ROW) outside the VIA service area, and establishes the terms and length of the contract.

Contract for Service with a Private Operator

- Jurisdictions have an option to contract with a private operator.

- If services are funded with local funds only and/or the jurisdiction is not eligible for FTA Section 5307 UZA funds, no VIA involvement is necessary.

- If services are funded with FTA Section 5307 UZA funds, allocated through VIA, the jurisdiction should develop a TDP that will be reviewed and approved by VIA. The jurisdiction also must identify matching funds to Federal grants, and decide whether to become a direct recipient or subrecipient of Federal funds (see Section 3.1.4).

3.1.3 Establishing Its Own Transit Authority

- A jurisdiction may consider establishing its own transit authority, under Subtitle K of the Texas Transportation Code:

  - Chapter 451. Metropolitan Rapid Transit Authorities;
  - Chapter 452. Regional Transportation Authorities;
  - Chapter 453. Municipal Transit Departments;
  - Chapter 454. Municipal Mass Transportation Systems;
  - Chapter 457. County Mass Transportation Authority; and
  - Chapter 458. Rural and Urban Transit Districts.

- If services are funded with local funds only and/or the jurisdiction is not eligible for FTA Section 5307 UZA funds, no VIA involvement is necessary.

- If services are funded with FTA Section 5307 UZA funds, allocated through VIA, the jurisdiction should develop a TDP and identify matching funds to Federal grants, and decide whether to become a direct recipient or subrecipient (see Section 3.1.4).

3.1.4 Options to Receive FTA Section 5307 UZA Funds

- Jurisdictions within the UZA have two options to receive FTA Section 5307 UZA funds: as a subrecipient or as a direct recipient.

- VIA, as the designated direct recipient, estimates the amount of funding available to eligible jurisdictions outside the VIA service area and informs them of funding allocations.
- Jurisdictions include local match in their budgets and inform VIA of funding commitment. Jurisdictions should work with VIA to develop a TDP that provides details on how FTA Section 5307 funds will be used. The TDP should be updated on an annual basis and be approved by VIA.
- VIA prepares funding allocations for Board of Trustees approval after reviewing and approving the TDP.
- VIA's Board of Trustees approves funding allocation and inclusion in the Transportation Improvement Program (TIP).
- VIA informs the FTA regional office of the FTA Section 5307 funds suballocation to direct recipients and subrecipients.
- For a subrecipient arrangement, VIA will follow the process and guidelines from FTA Circular C9030.1E, Chapter II, Section 8(b):
  - VIA must enter into a written agreement with the subrecipient jurisdiction that ensures FTA that the jurisdiction will comply with its obligations to satisfy the requirements of the grant agreement; and
  - VIA must inform the FTA regional office of the arrangement in its grant application or through other documentation, and inform FTA of any changes in the arrangement.
- For direct recipients, VIA will follow the process and guidelines from FTA Circular C9030.1E, Chapter II, Section 8(a):
  - VIA will inform FTA of the arrangement;
  - VIA and the direct recipient will execute a supplemental agreement releasing VIA from any liability under the grant agreement; and
  - The direct recipient is responsible for the management of funds and compliance with Federal regulations and requirements.

3.2 Short-Term Strategy

VIA has a process in place to share FTA Section 5307 funds with eligible jurisdictions outside the VIA service area. This process addresses the short-term needs of the agency and eligible jurisdictions. The following section describes the current process and provides recommendations for the short term. The recommended short-term actions related to the development of service area expansion policies are summarized in Figure 3.1.

Figure 3.1 Short-Term Recommendations Related to Service Area Expansion

Capital Projects

- **Action #1. Establish local share policy for FTA Section 5307 funds used on capital projects.**

Suballocation

- **Action #2. Study potential suballocation formulas for implementation in the short and long term.**

Stakeholder Outreach

- **Action #3. Initiate outreach to stakeholders, starting at staff level.**
- **Action #4. Create plan for stakeholder involvement, defining roles and responsibilities.**
- **Action #5. Create a committee comprised of VIA and AAMPO staff to address immediate needs (e.g., policy development and review of TDPs).**

TDP

- **Action #6. Adopt policy requiring nonmember jurisdictions to prepare TDPs as a requisite for suballocation of FTA Section 5307 funds.**

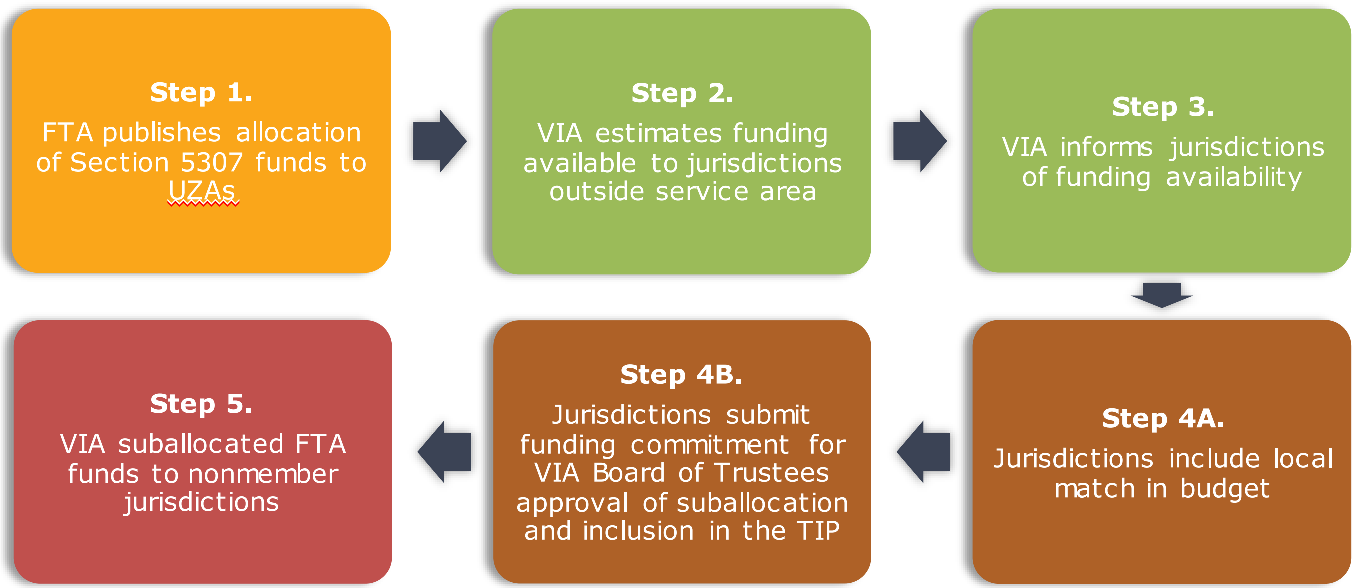
Vanpool

- **Action #7. Consider expansion of vanpool services and revise policy to provide service to nonmember jurisdictions.**

3.2.1 Existing FTA 5307 Funding Allocation Process

As described in Section 2.1.1, some jurisdictions outside VIA's service area lost their "rural" designation with the expansion of the San Antonio UZA after the 2010 U.S. Census; and with that, they lost "rural" funding eligibility (both Federal and state), but became eligible to receive FTA Section 5307 UZA funds for transit capital and operating assistance, for which VIA is the designated recipient in the San Antonio UZA. In July 2013, the VIA Board of Trustees adopted a resolution "to negotiate and execute individual funding agreements with the Cities of New Braunfels, Schertz, and Cibolo" that facilitates sharing of FTA Section 5307 funding over the short term. VIA is providing FTA Section 5307 funds eligible for job access and reverse commute (JARC) to the nonmember jurisdictions within the San Antonio UZA. The nonmember jurisdictions are required to provide a 50 percent match to available FTA Section 5307 funds. JARC-eligible expenses include capital, planning, and operating expenses. By statute, if eligible, operating expenses can be reimbursed with FTA Section 5307 funding up to 50 percent. Capital projects can be funded 80/20 (Federal/local). VIA currently is providing funding to support demand response services that are no longer eligible for FTA Section 5311 (Formula Grants for Rural Areas) and state grants (Public Transportation Funds for Rural Areas). The current suballocation process of FTA Section 5307 funds are described in Figure 3.2.

Figure 3.2 VIA's Current Suballocation Process for FTA Section 5307 Funds to Nonmember Jurisdictions



Options to Nonmember Jurisdictions for Suballocation of FTA Section 5307 Funds

As the designated recipient, VIA is responsible for administering the FTA Section 5307 funds, as delineated in FTA Circular C9030.1E. Per Federal regulation and guidance, eligible recipients of FTA Section 5307 funds could become "subrecipient" or "direct recipients." Under the current suballocation process adopted by VIA, nonmember jurisdictions are "subrecipients." In this case, VIA continues to be responsible for compliance related to the administration of FTA Section 5307 grants.

Another alternative for a nonmember jurisdiction to receive FTA Section 5307 grants is to become a "direct recipient." In this case, FTA apportions funds directly to the direct recipient, and the direct recipient is responsible for management and compliance of all Federal requirements. The designated recipient (in this case VIA) informs FTA of the arrangement through a letter that establishes the allocation of funds.

It should be noted that the "subrecipients" or "direct recipients" administer the use of the grants after suballocation, which may include contracting out transit services through another regional service provider (e.g., Alamo Regional Transit (ART)).

3.2.2 Recommended Actions Related to Allocation of FTA Section 5307 Funds Outside the VIA Service Area

Although a process already is in place to distribute FTA Section 5307 funds to jurisdictions outside the VIA service area, it only addresses operating needs and does not address allocation of funds for capital needs, which could be matched to 80/20 (Federal/local), per statute. VIA should consider developing a plan that will support future service area expansion, including stakeholder outreach, development of TDPs, and expansion of and/or policy changes to Vanpool services.

Capital Projects

Action #1: *Establish the local share policy for FTA Section 5307 funds used on capital projects in the nonmember jurisdiction.*

VIA's policy to suballocate FTA Section 5307 funds requires eligible jurisdictions to provide a 50 percent match, which is in line with the Federal statutes of matching requirements for operating expenses. VIA currently is providing JARC funds under FTA Section 5307 that can be used for capital, planning, and operations. However, FTA Section 5307 funds may cover up to 80 percent of capital expenses. VIA, in consultation with FTA and AAMPO, should revise the current policy to include funding suballocation for capital needs of these jurisdictions.

Formula for Suballocation of FTA Section 5307 Funds

Action #2*:* *Study potential suballocation formulas for implementation in the short and/or long term.*

VIA currently applies the FTA formula to estimate the suballocation funding amounts to the jurisdictions outside the VIA service area. The FTA Section 5307 funds formula is based on a combination of the following factors:

- Bus revenue vehicle-miles (and fixed-guideway revenue vehicle-miles, where applicable);
- Bus passenger miles (and fixed-guideway passenger miles, where applicable);
- Population;
- Population density; and
- Low-income individuals.

According to the Transit Cooperative Research Program (TCRP) Synthesis 113, UZAs with multiple FTA Section 5307 recipients apply different methods to suballocate funds. Most respondents to the study survey use the FTA Section 5307 formula for suballocation. Other methods of suballocation include:

- Needs-based, with capital investments identified through a call for projects; or
- Local formula, based on factors like population and/or service levels.

VIA may choose to continue using the FTA Section 5307 formula or develop a simpler distribution methodology. In the short term, VIA may conduct a study that evaluates different suballocation formulas. If a new formula is to be adopted, VIA should consider the task of developing the formula as part of an outreach process to engage regional stakeholders. In addition, the study should investigate how to integrate other nonmember jurisdictions that are not participating in the current suballocation process, and investigate alternative sharing options of FTA Section 5307 UZA funds that are inclusive and adaptable to local needs.

Stakeholder Outreach

Action #3: *In the short term, initiate outreach to stakeholders, starting at the staff level.*

Action #4: *Create a plan for stakeholder involvement that will lay out roles and responsibilities for:*

- Addressing short-term needs: Capital needs share of FTA Section 5307 funds and suballocation;
- Developing service area expansion policies;
- Communication protocols within and across stakeholder organizations;
- Review of and guidance for TDPs; and
- Other activities, as identified by VIA and AAMPO.

Action #5: *Create a committee that comprises VIA and regional stakeholders to address immediate needs, such as policy development and support of TDPs.*

As VIA develops policies to address suballocation of FTA Section 5307 funds and potential service area expansion, the agency should engage regional stakeholders and identify their role in this process. Early engagement of these stakeholders will help create a transparent and collaborative environment. This collaborative and inclusive environment may generate regional support as policies are adopted and implemented. A summary of regional stakeholders that will be involved in this process is provided in Table 3.2.

Table 3.2 Preliminary List of Regional Stakeholders

Nonmembers in Bexar County	Nonmembers Within the UZA	Nonmembers Potentially in 2040 UZA	Counties and Others
Helotes	Cibolo (Guadalupe County)	Castroville	Kendall
Windcrest	New Braunfels	Bulverde	Comal
Hollywood Park	Marion	Boerne	Bandera
Hill Country Village	Garden Ridge	Seguin	Guadalupe
Terrell Hills		Santa Clara	Medina
Schertz			Wilson
Live Oak			Atascosa
Selma			Alamo Area Council of Governments (AACOG)
Fair Oaks Ranch			Alamo Regional Transit (ART)
Universal City			Alamo Area Metropolitan Planning Organization (AAMPO)
Grey Forest			Texas Department of Transportation (TxDOT)

For example, Capital Metropolitan Transportation Authority (Capital Metro) developed its service area expansion policy in 2008. For the 2014 revisions, Capital Metro worked with the Capital Area Metropolitan Planning Organization (CAMPO) to develop recommendations that were then submitted for approval to the Capital Metro Board. The staff of VIA and AAMPO could work together in developing these policies and communicate/educate their respective Boards about the process.

Transit Development Plan (TDP)

Action #6: *Adopt a policy requiring nonmember jurisdictions to prepare TDPs as a requisite to receive FTA Section 5307 funds. The policy shall provide guidelines for preparation of TDPs and include a process for review and adoption of TDPs.*

A TDP is a document that evaluates the needs for public transportation services in a jurisdiction, provides a plan to address those needs (including capital and operational investments), and lays out a financial plan to implement new and improved public transportation services. It will provide VIA with information about transit services in the nonmember jurisdictions, and describe how FTA Section 5307 suballocations will be used.

VIA can reference Capital Metro's guidelines for TDPs as a starting point to develop its own TDP requirements (see Appendix B). A committee that comprises VIA and AAMPO staff can be designated to review TDPs before they are presented to VIA's Board of Trustees for approval.

Vanpool Service Expansion

***Action #7:** Consider expansion of vanpool services and revise the current policy to allow vanpool trip to begin or end within the AAMPO boundary or San Antonio Metropolitan Statistical Area (MSA).*

Vanpool services are included in the estimation of FTA's allocation of Section 5307 funds to UZAs. Vanpool accounts for approximately $2.5 million in FTA Section 5307 funds allocated to the San Antonio UZA. Vanpool services are available to customers either starting or ending their trip within the VIA service area. With a low cost of operation (estimated at $0.71 per vehicle revenue mile) and a farebox recovery ratio of 85 percent, VIA may consider modifying the current policy requiring vanpool trips to begin and end within the VIA service area. A revised policy could allow trips to either begin or end within the AAMPO boundary or San Antonio MSA. Operating expenses and vehicles for vanpool services, beginning or ending outside the VIA service area, cannot be funded with the dedicated transit sales tax. The policy may require these services to be paid with FTA Section 5307 funds (up to 50 percent for eligible operating costs and/or preventative maintenance), farebox revenues, and local contributions from nonmember jurisdictions.

3.3 Long-Term Strategy

3.3.1 Development of Service Area Expansion Policy

***Action #8:** Create VIA's Service Area Expansion Policy, incorporating actions from the short-term strategy described above (i.e., funding suballocation process and TDPs). The policy will be adapted to address VIA's needs.*

***Action #9:** Develop guidelines/standards to assess "desirability" to add a jurisdiction into VIA's service area.*

The short-term strategy will provide the foundation to the long-term strategy by:

- Establishing the FTA Section 5307 suballocation process, including the development of TDPs; and
- Setting up coordination and collaboration among VIA and regional stakeholders.

The first step in the long-term strategy consists of developing the policies for service area expansion. Below are some examples of potential models for VIA's service area expansion policy:

- Capital Metro's service area expansion policy, highlighted in Appendix B, could be a model for the Greater San Antonio Region. Several jurisdictions outside of the Austin region became part of the urbanized area after the 2010 Census. Capital Metro's policy provides five options to the jurisdictions for accessing FTA Section 5307 funds:
  - Join Capital Metro by adopting 1 percent local sales tax for transit.

- Contract for service through an interlocal agreement between the jurisdiction and Capital Metro, where the jurisdiction pays the cost of service, with a credit given to the jurisdiction for FTA Section 5307 eligible expenses.

- Form a Local Government Corporation (LGC), whereby, the local jurisdiction and Capital Metro would establish a board of directors to oversee transit initiatives in the agreed-upon area. Capital Metro would provide FTA Section 5307 funding, while the local jurisdiction would provide local funds.

- Become a FTA subrecipient, contracting directly with a service provider and seeking reimbursement for the Federal portion of FTA Section 5307 eligible expenses through Capital Metro. Capital Metro maintains responsibility for Federal compliance, certifications, and related coordination with FTA.

- Become a direct recipient to receive FTA Section 5307 funds directly from FTA for eligible expenses. As direct recipient, the jurisdiction is responsible for the management of funds and assumes all responsibility for Federal compliance, certifications, and local match.

* Other guidelines in use at various transit authorities allow a jurisdiction to become a member of the authority over a period of a few years, as the jurisdiction shifts revenue from currently designated purposes to transit service. The Dallas Area Rapid Transit (DART) model allows for provision of contract service for four years; at the end of this period, the jurisdiction must join the service area (either by dedicating the sales tax or providing a revenue source similar to the sales tax), or else contract service is terminated. VIA may include a similar clause in contract service agreements with nonmember jurisdictions.

* Another example includes a local opt-in at a prorated tax rate according to how much of an investment into transit service the jurisdiction wishes to make. Such an option may require enabling legislation, and it will require further investigation by VIA and nonmember cities about the feasibility of implementing this type of policy.

* For jurisdictions eligible for FTA Section 5307 funds that decide not to join VIA, the current policy to suballocate funds will apply. Once FTA Section 5307 funds are identified by jurisdiction, VIA will distribute funding based on the needs identified in the TDPs and local financial commitments (i.e., funding for transit in adopted budget of the jurisdiction). Should VIA decide to adopt elements of Capital Metro's policy for suballocation, it is recommended to exclude Capital Metro's "call for projects" to reduce the administrative burden.

3.3.2 Identifying Potential for Service Area Expansion

Action #10: *Develop a list of jurisdictions with "potential" to join the VIA service area and conduct an assessment of "desirability" and barrier/challenges to become part of VIA.*

The demographic and travel conditions analyses, undertaken as part of the Vision 2040 Long Range Plan, can serve as the basis to identify jurisdictions that could potentially become part of the VIA service area (or may request to become part of the VIA service area) due to: 1) potential expansion of the San Antonio UZA in the long term (based on future demographics), and 2) increases in demand for public transportation services.

Once these jurisdictions are identified, VIA should conduct a general assessment of potential barriers and challenges, including, but not limited to, the following:

- Availability of local sales tax to join VIA's service area.
- Existing transit services and service providers; type of transit services to serve future demand in these jurisdictions (fixed route, demand response).

This assessment will prepare VIA and set expectations as additional jurisdictions are incorporated into the San Antonio UZAs post-Census (2020 and 2030).

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A. Background Information and Literature Review for Development of Service Area Guidelines

A.1 Introduction

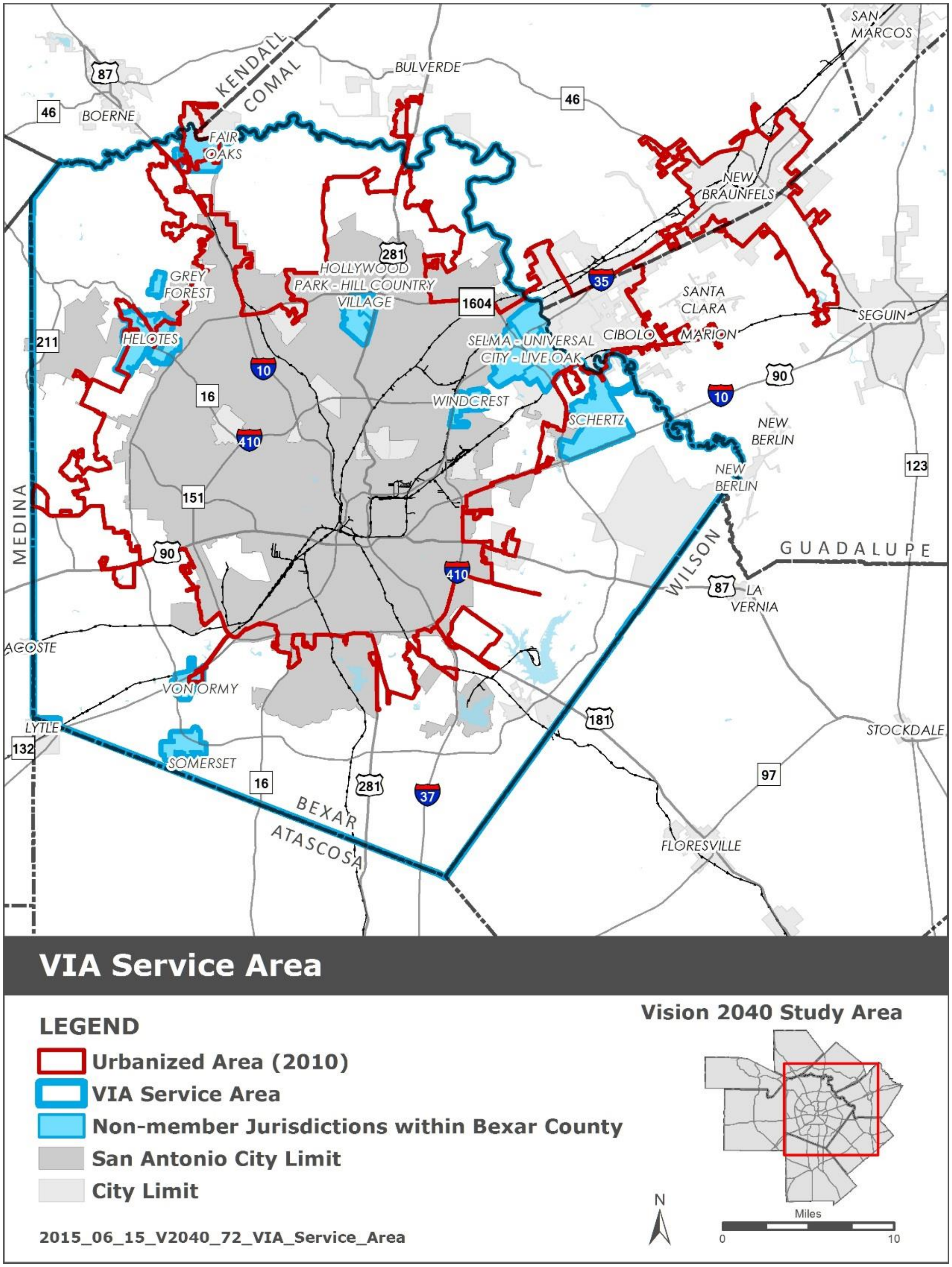
The purpose of this appendix is to set the context for the development of service area expansion guidelines. The first section provides a summary of the background information related to regional demographics and current and future travel conditions. Population and employment growth will create opportunities for new service and increased transit demand in the VIA Vision 2040 Long Range Plan study area. The second section provides an overview of existing policies that define the current service area, and identify potential challenges and issues concerning future expansion. The last section of this appendix consists of a literature review on the topic of service area expansion. The guidelines developed as part of this task will help inform VIA's process to identify priorities for future service area expansion.

A.2 Existing Conditions and Service Area Expansion Concerns

Description of Current Service Area

VIA Metropolitan Transit established its official service area in 1978 through a confirmation election held in Bexar County in 1977. The cities and towns within VIA's service area adopted a one-half percent sales tax dedicated to funding transit service. VIA's service area today is 1,213 square miles, which is 98 percent of Bexar County (Figure A.1). The current service area includes many urban and suburban areas, including the City of San Antonio and all unincorporated areas of Bexar County. The service area includes the following municipalities: Alamo Heights, Balcones Heights, Castle Hills, China Grove, Converse, Elmendorf, Kirby, Leon Valley, Olmos Park, San Antonio, Shavano Park, St. Hedwig, and Terrell Hills. A portion of Cibolo also is a part of VIA's service area (VIA Metropolitan Transit, 2015).

Figure A.1 VIA Service Area



In addition to fixed route bus services, VIA provides two non-fixed route transportation services: VIAtrans, a demand-responsive paratransit service with accessible vehicles; and VIA Vanpool, a shared-ride service that allows groups of people with similar origins, destinations, and schedules to share the costs of commuting using van rentals. VIA Vanpool trips must start or end within the VIA service area, and travel up to 100 miles from the city limits of San Antonio. VIAtrans provides transportation services for people with disabilities who are unable to use VIA buses. The service area for VIAtrans is three-quarters of a mile from fixed route bus service, as required by Federal law (VIAtrans Customer Service Guide, 2014). VIA has executed local agreements with Comal and Guadalupe Counties to operate on their roads as needed. For example, the agreement with Comal County allows VIA to provide special event transportation and sightseeing services within the county, and authorizes VIA to operate on Comal's streets, roads, alleys, and highways (Comal County, 1990).

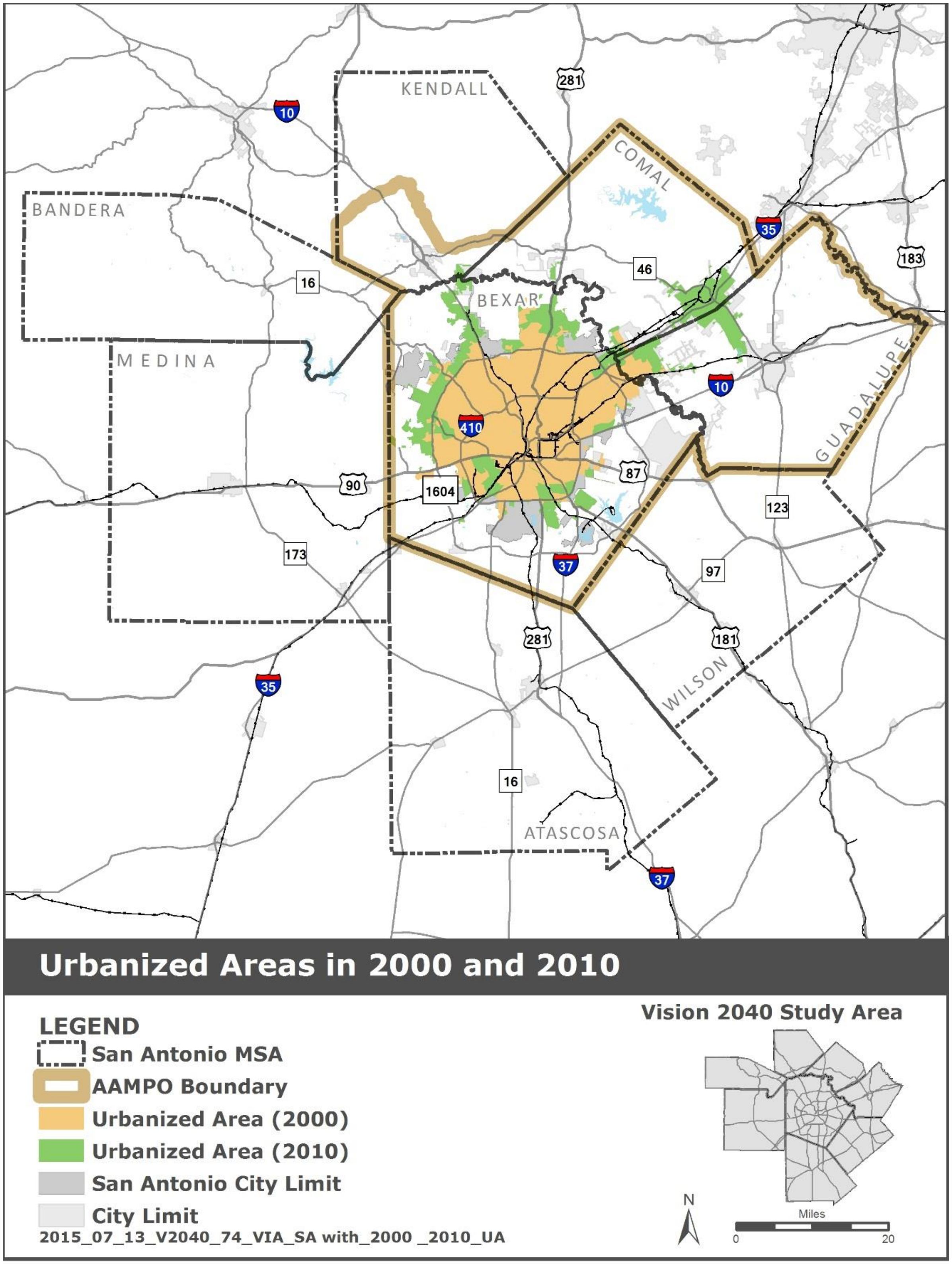
Potential for Future Growth

Decennial Census Outcomes, Definition of Urbanized Areas

Urbanized areas (UZA) are defined by the Census Bureau as densely settled territory with populations of more than 50,000. UZAs are defined primarily on population counts and residential population density. The identification of UZAs is important for both planning and Federal funding purposes.

The San Antonio UZA has increased in size in the past 10 years with the addition of new localities beyond the boundaries of VIA's service area and of Bexar County. Figure A.2 shows VIA's service area compared to San Antonio's UZA from the 2000 and 2010 Census. The following jurisdictions became part of the San Antonio UZA and are outside of VIA's current service area: the Cities of New Braunfels, Cibolo, Marion, Schertz, Selma, and, Garden Ridge; and unincorporated McQueeney. Before becoming part of the San Antonio UZA, these cities were designated as rural, and received Federal and state assistance for public transportation services in rural areas. With the "urban" designation, they lost the "rural" funding, but became eligible to receive Federal Transit Administration (FTA) Section 5307 UZA funds for transit capital and operating assistance, for which VIA is the designated recipient.

Figure A.2 VIA Service Area and 2000-2010 San Antonio's UZA



Regional Growth Patterns and Demographics

Population, employment, income, future travel conditions, and sociodemographic trends are important variables to consider when planning for service area expansion. Regional growth and demographics within the San Antonio UZA are potential indicators of the need for service area expansion in the future.

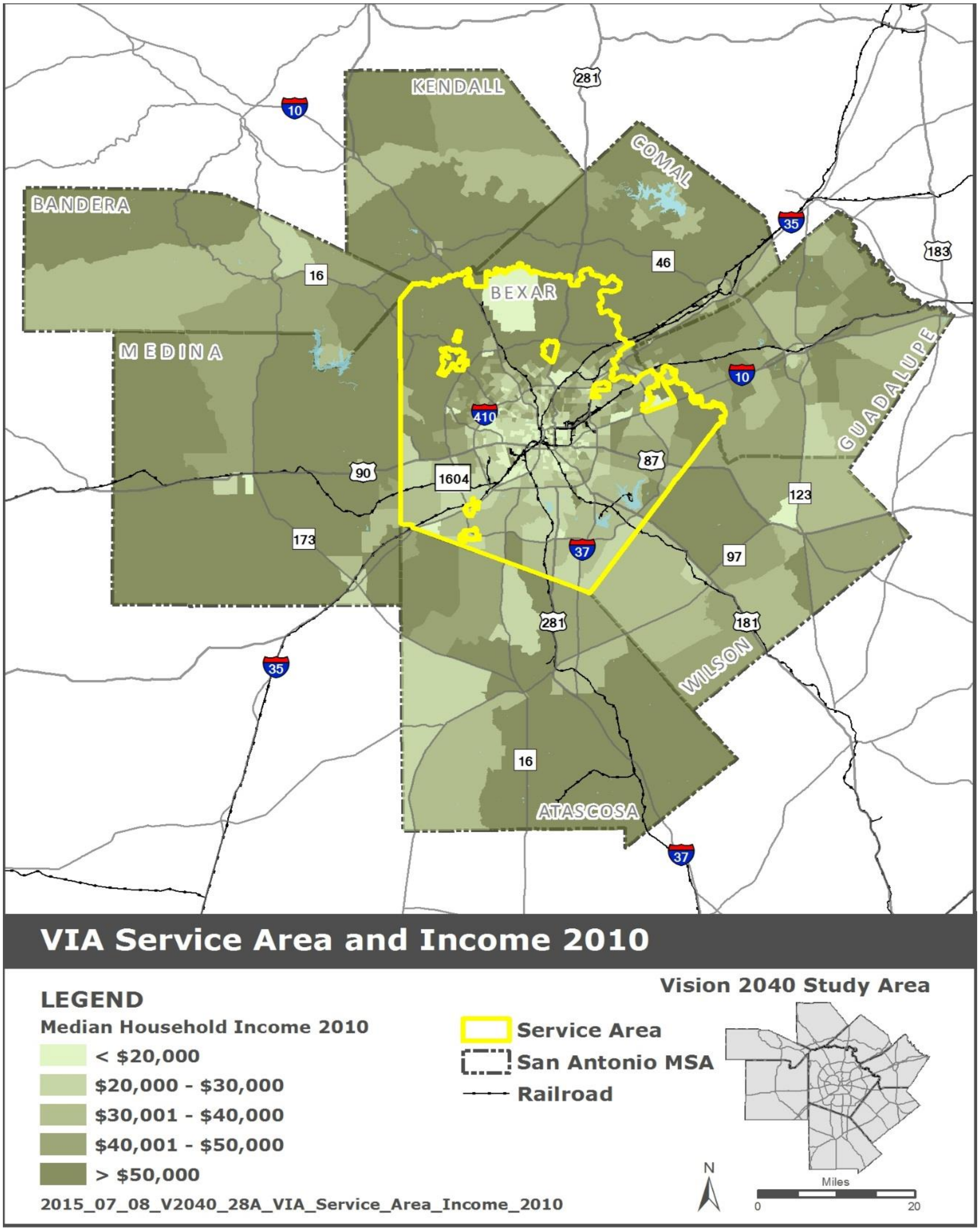
The demographics analysis conducted as part of VIA's Vision 2040 needs assessment (see *Needs Assessment* in *Volume 1: The Role of Transit in a Growing Region*) shows that population and employment in the Greater San Antonio Region is expected to increase significantly, with the majority of growth occurring in Bexar County. Population and employment forecasts also show significant growth in Comal and Guadalupe Counties, albeit at a lower rate compared to Bexar County.

Demographic characteristics, such as low-income households and population over 65 years old, are indicators of transit-disadvantaged populations. Knowing where these groups reside can help when planning for both future service area expansion and equitable transportation options.

According to the FTA, Section 5307 funds are allocated based on low-income persons residing in the jurisdiction. Additionally, Moving Ahead for Progress in the 21st Century Act (MAP-21) designated 3.07 percent of Section 5307 funds be available on the presence of low-income individuals in a UZA (Transit Research Cooperative Program [TCRP], 2014a). A range of household incomes in the study area is shown in Figure A.3. Lower-income households are shown in and around Bexar County, while higher-income households congregate around the Comal, Medina, and Atascosa Counties.

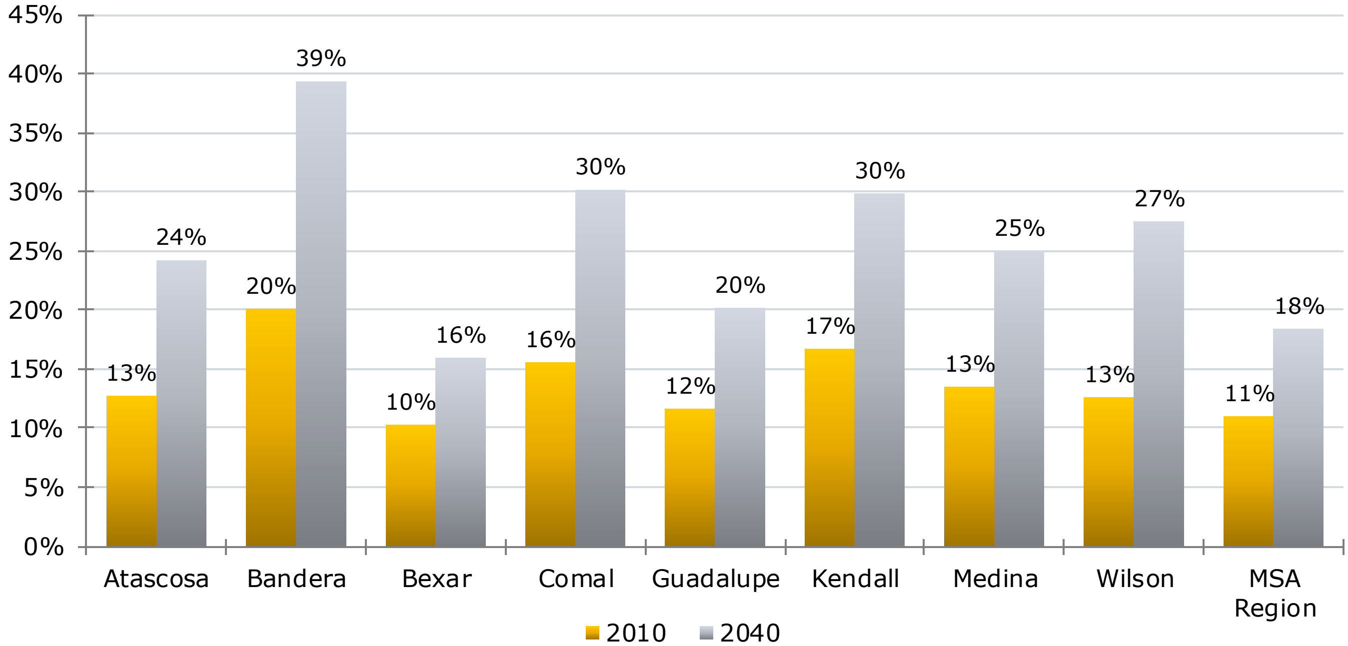
Across the nation, population age 65 and above is expected to double by 2030 (TCRP, 2014b). While older adults of the future are expected to be healthier and more active, there will be a significant number of older persons with mobility limitations. Older adults living outside of VIA's current service area with limited mobility could benefit from VIAtrans, which serves residents within three-quarters mile of a fixed bus route. Between 2010 and 2040, the number of residents over 65 is expected to increase by approximately 451,000, accounting for 18 percent of the total population in the San Antonio region (Figure A.4); a figure that reflects nationwide trends. Approximately one-half of these new residents will live in Bexar County, representing 16 percent of the total projected county population. However, residents over 65 years old are forecast to represent an even higher portion in Bandera (39 percent), Comal (30 percent), and Wilson (27 percent) Counties by 2040. Figure A.5 shows higher percentages of the elderly population currently residing in transportation analysis zones outside the service area.

Figure A.3 VIA Service Area and Income 2010



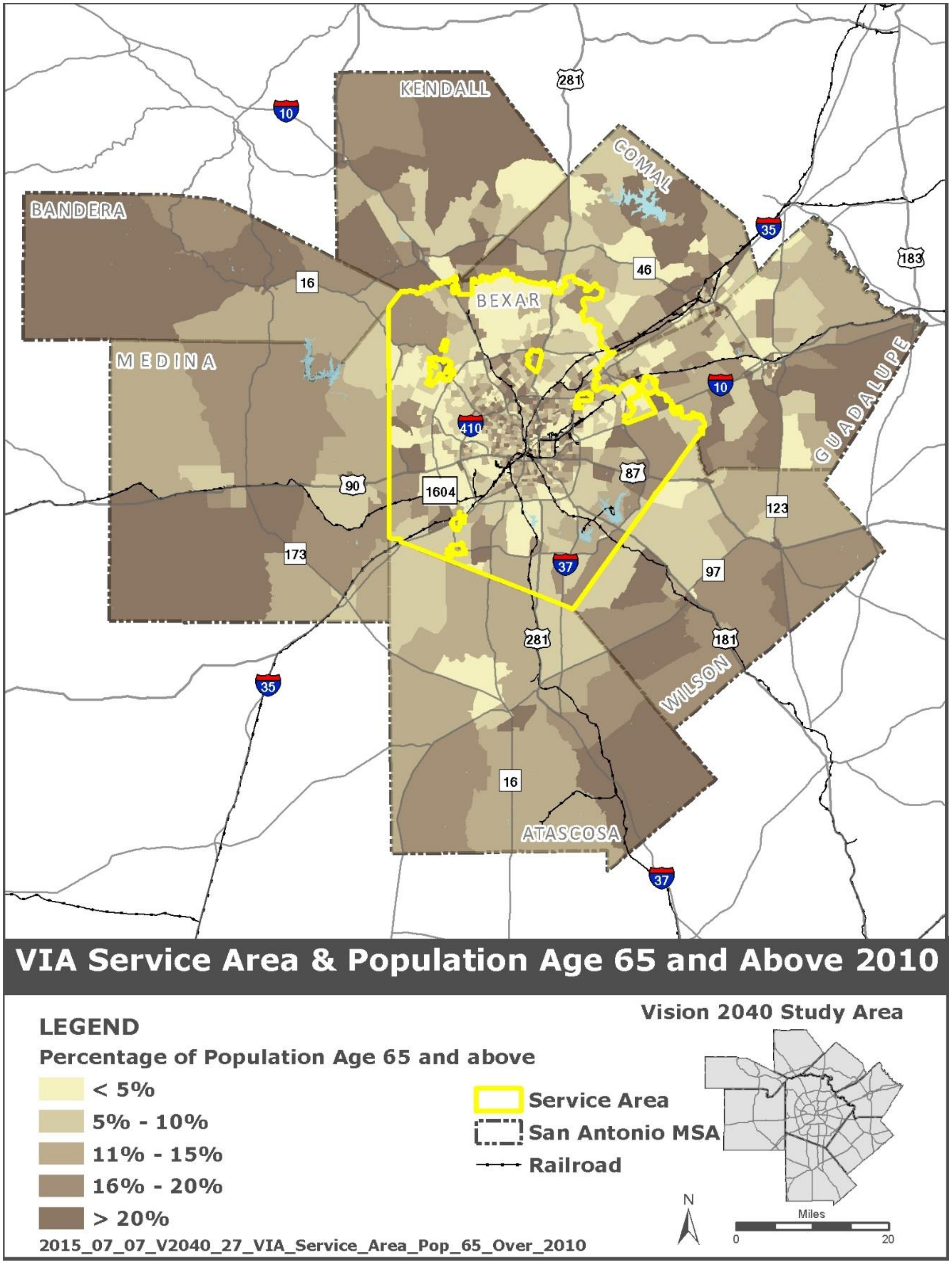
Source: Census Transportation Planning Products (CTPP), based on 2006-2010 five-year American Community Survey (ACS).

Figure A.4 Percent of Population Age 65 and Older



Source: Texas State Data Center, Population Projections Tool, 2014.

Figure A.5 VIA Service Area and Population Age 65 and Above



Source: CTPP, based on 2006-2010 five-year ACS.

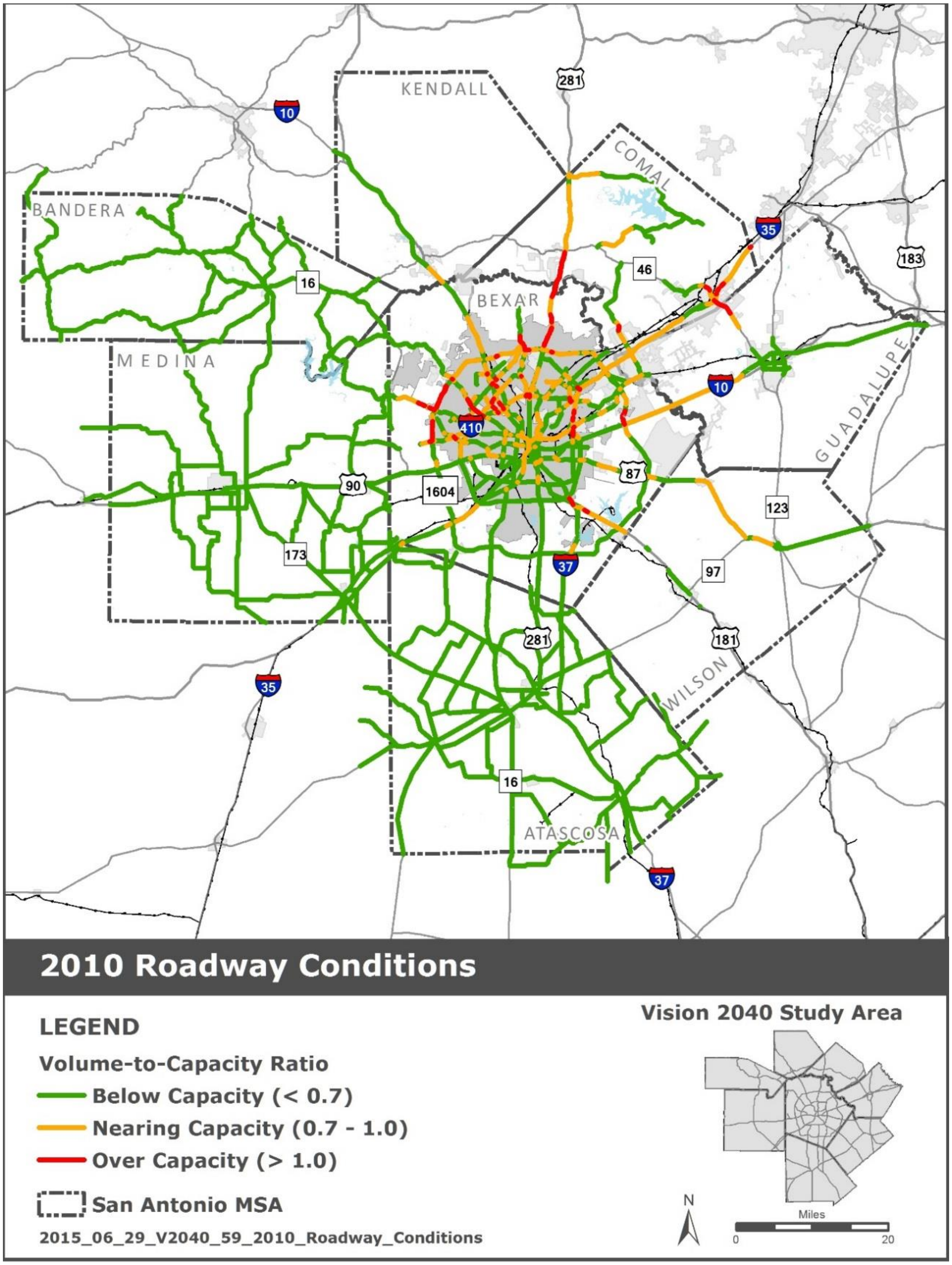
Future Travel Conditions

Population and employment trends are inextricably tied to future travel conditions, including gaps in transit service, and the level of congestion in key corridors. Additionally, identifying where areas are most congested and underserved by transit provides indicators for future service area expansion.

While the Greater San Antonio Region currently experiences moderate congestion along its major corridors (Figure A.6), projected population and employment growth through 2040 is expected to exacerbate congestion in three main areas of the region (Figure A.7). First, congestion in the high-density Midtown and San Antonio Central Business District centers grows substantially, with nearly all major roadway facilities over capacity. Second, links between downtown San Antonio and the northwestern suburbs, including the South Texas Medical Center, University of Texas at San Antonio (UTSA), and the SH 151–Loop 410 area are mostly over capacity, reflecting high growth in these areas. Finally, connections between Bexar County and Wilson, Guadalupe, and Comal Counties are strained, with many key segments of the roadway network over capacity. The high level of congestion in key corridors, including the areas around San Antonio International Airport and the Fredericksburg Road medical facilities that connect San Antonio to regional activity centers such as New Braunfels, indicates a potential market for service expansion in order to relieve anticipated congestion, reduce vehicle miles traveled, and increase transit ridership.

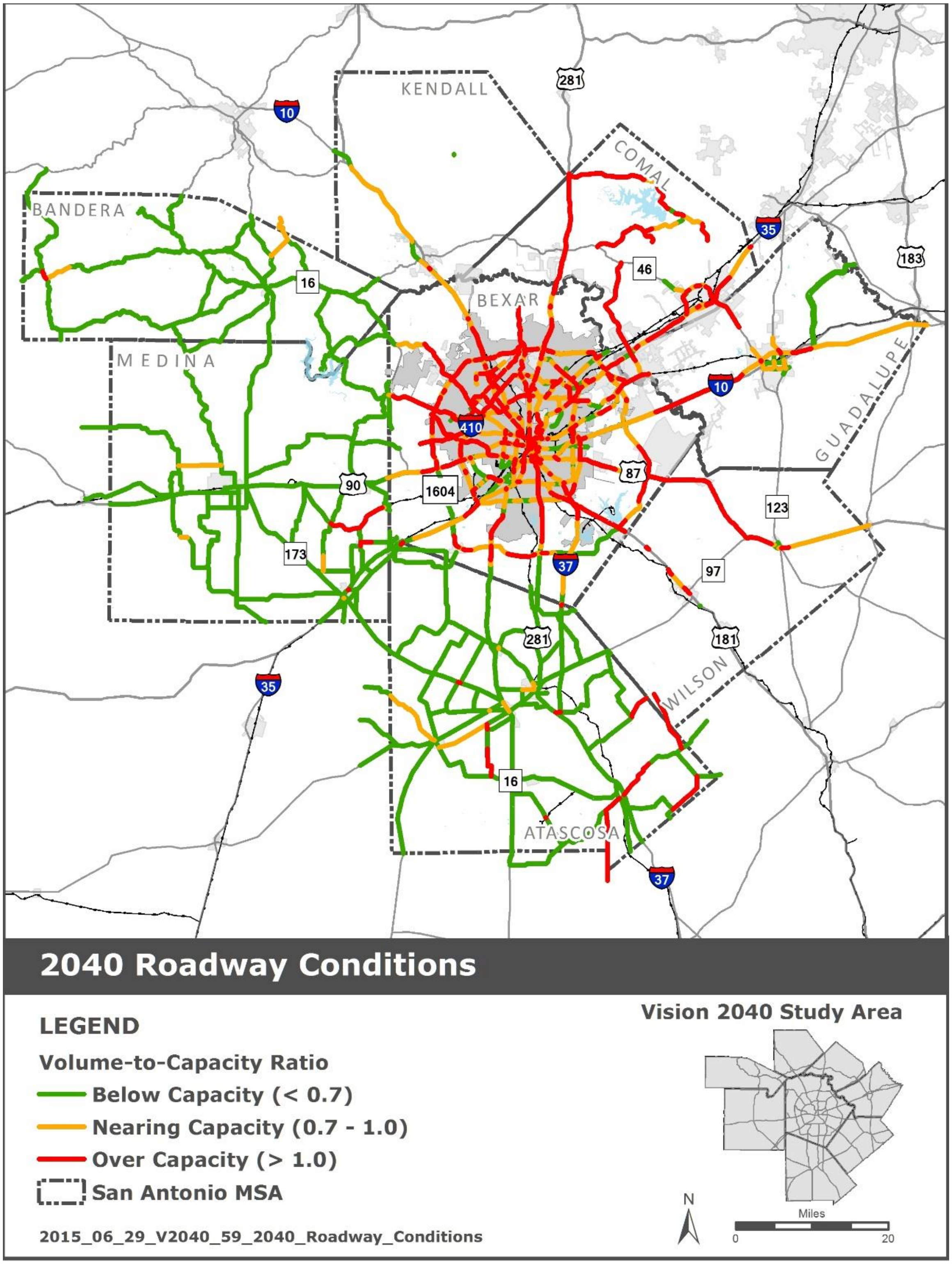
The needs analysis conducted for VIA's Vision 2040 Long Range Plan demonstrated that the strongest transit demand is found in the San Antonio Central Business District and South Texas Medical Center activity centers (Figure A.8). Strong demand also exists in other areas in central and northern San Antonio: Midtown, Rolling Oaks, the Greater Airport area, and SH 151–Loop 1604 (Figure A.9). Further, there is a significant need to provide additional buses connecting the surrounding counties to major activity centers within Bexar County.

Figure A.6 2010 Roadway Conditions



Source: Alamo Area Metropolitan Planning Organization (AAMPO) Model, Texas Department of Transportation (TxDOT) Statewide Analysis Model (SAM), 2015.

Figure A.7 2040 Roadway Conditions



Source: AAMPO Model, TxDOT SAM, 2015.

Figure A.8 Transit Demand Index (2040) – Bexar County

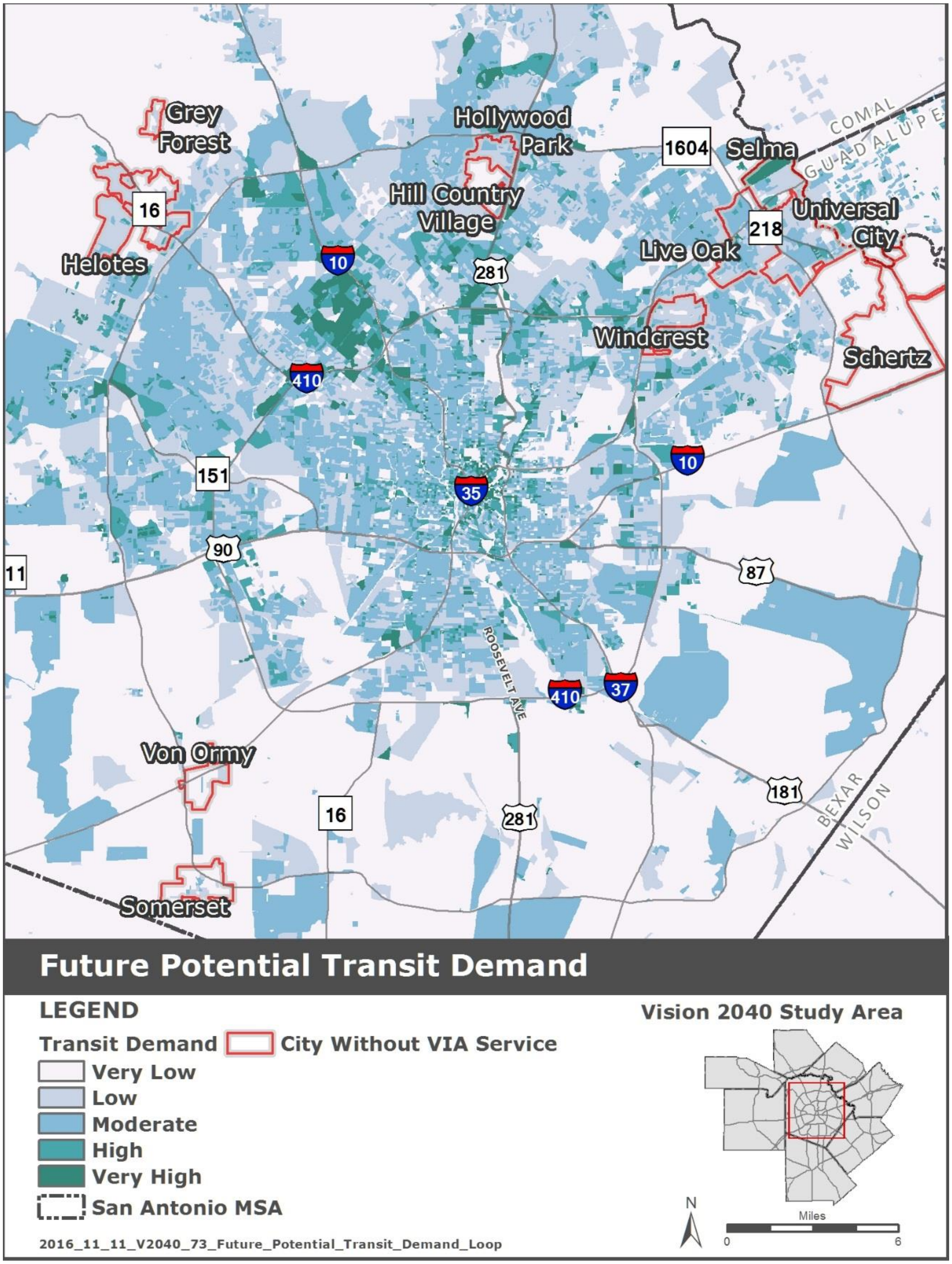
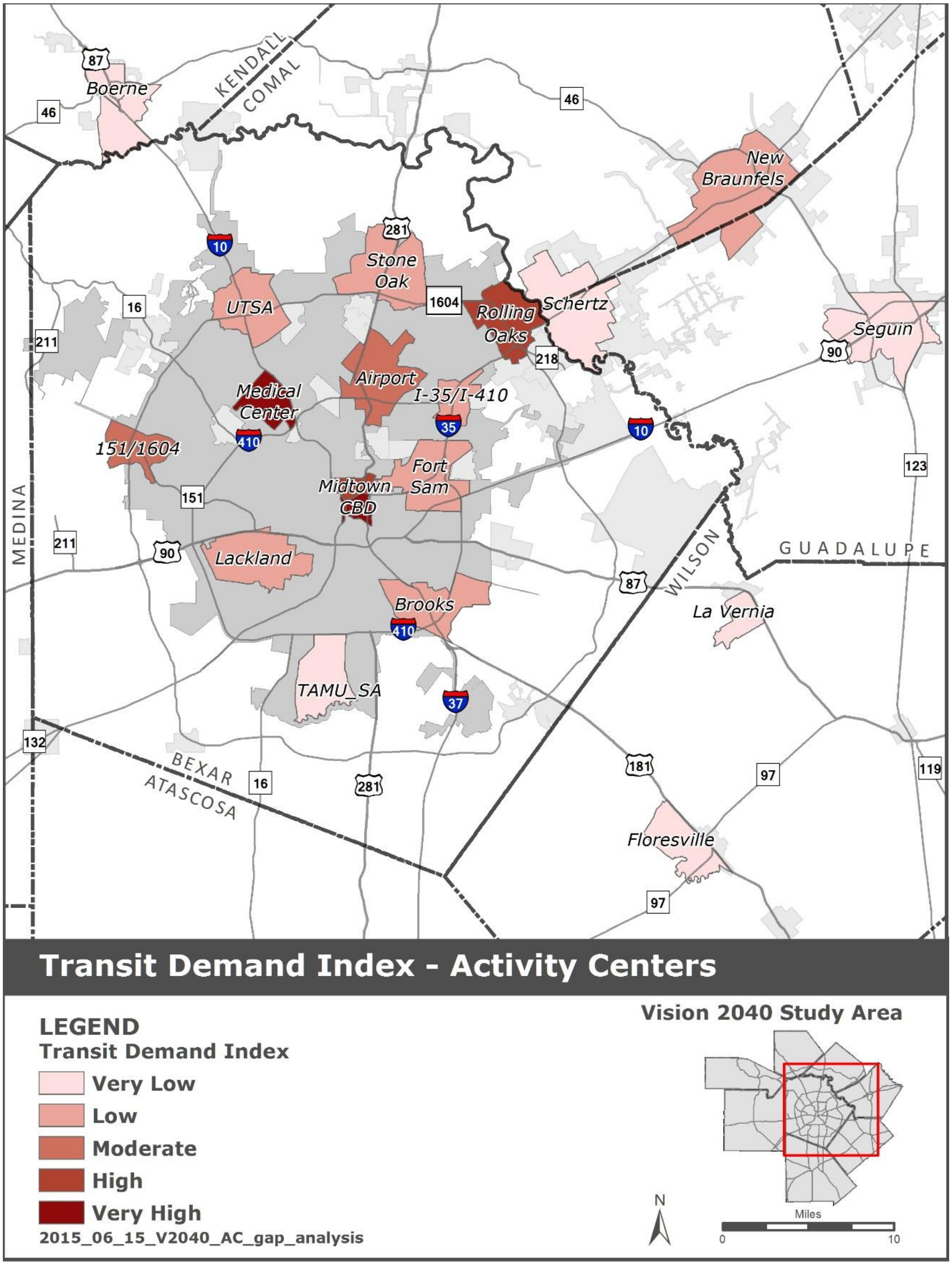


Figure A.9 Transit Demand Index – Activity Centers



Opportunity for Service Area Expansion

Based on VIA's assessment of regional transportation needs conducted for the Vision 2040 Long Range Plan, expanding the existing service area to major activity centers such as New Braunfels can provide greater connectivity to areas north of Bexar County, where travel demand and population density are high. Additionally, several corridors connecting San Antonio to regional centers are heavily congested and extending transportation access to those areas can potentially improve accessibility and increase ridership in the system.

A.3 Policies Defining VIA's Current Service Area, Opportunities, and Challenges

The Texas Transportation Code, Chapter 451 governs the creation and administration of metropolitan rapid transit authorities. For example, transit authorities in Texas may adopt a local sales and use tax of up to 1 percent dedicated to transit services, subject to voters' approval. As noted earlier, the cities and towns within VIA's service area have enacted a one-half percent sales and use tax for transit. A jurisdiction can be incorporated into a transit authority service area, as authorized in the Texas Transportation Code, Chapter 451, Subchapter L, but it requires the adoption of the dedicated local sales tax. However, existing state law limits the amount a city or county is allowed to tax itself. Local option sales taxes (i.e., the combination of city, county, transit, and special purpose district) cannot exceed 2 percent.

As noted earlier, VIA is the designated recipient of FTA Section 5307 funds, and various jurisdictions outside the current service area a part of the San Antonio UZA are now eligible for these funds. These jurisdictions were recipients of funding for rural transit services (Federal and state), but are no longer eligible with the new designation. The challenge for VIA and the newly incorporated jurisdictions to the San Antonio UZA is to determine the best way to share FTA Section 5307 monies, whether by joining VIA or by finding another type of arrangement. In the short term, VIA has established a process to share FTA Section 5307 grants with nonmember jurisdictions recently added to the San Antonio UZA, provided that local matching funds are committed.

Another opportunity for expansion of VIA's service area comes through the transit needs assessment conducted by VIA for its Vision 2040 Long Range Plan, and the anticipated growth in population and employment. Growth in the region will expand beyond Bexar County, and with that comes an opportunity to serve new transit markets, whether it is connecting existing services to areas outside VIA's current service area or providing new transit services to address the demand for public transportation. Again, the main barrier is how to serve these markets if they cannot adopt the VIA sales tax due to the statutory cap of 2 percent for local sales taxes.

Service area expansion also should consider what types of services best serve the public transportation needs of the jurisdictions to be incorporated into VIA's service area. Public transportation services may range from fixed route, vanpool, or demand response; and the type of service to be provided should be determined through VIA's service planning processes. A challenge that comes with service area expansion and the potential of expanding or providing new fixed route bus services into the newly added jurisdictions is addressing the requirement of expanding VIAtrans services. VIA must provide VIAtrans services to persons with disabilities within three-quarters of a mile from fixed route bus service. The cost per passenger of paratransit services is significantly higher than the cost of fixed route bus services. According to National Transit Database (NTD) statistics, the cost per trip for paratransit was $30.59, compared to $3.09 for bus; therefore, the financial implication of adding jurisdiction into VIA's service area and expanding or providing new services are significant and must be taken into consideration as the service area guidelines and policies are developed.

A.4 Literature Review

Introduction

This literature review identifies national, state, and local research that addresses guidelines and policies that enable service area expansion, including available transit planning and capital funding for UZAs, known as FTA Section 5307 UZA Formula Grants. FTA Section 5307 formula funding is one of the largest Federal funding sources for transit, and provides small and large urbanized areas the necessary funding to improve and access public transportation in their system (National Cooperative Highway Research Program (NCHRP), 2013). Additionally, this literature review provides an overview of local and national case studies that have successfully facilitated service area expansion through innovative policies, and have developed policies to share FTA Section 5307 formula funds in UZAs with multiple eligible recipients.

Studies Addressing the Urbanized Area Formula Program (FTA Section 5307) and Urban Gaps

The FTA Section 5307 UZA Formula Program provides funding to urban areas that have been identified in the census. FTA Section 5307 formula funds can be used for capital projects and planning, as well as projects that increase access to jobs and employment opportunities for low-income workers and welfare recipients (NCHRP, 2013).

FTA Section 5307 formula funding is distributed to states through a formula that considers factors associated with transit services (e.g., vehicle revenue-miles, passenger-miles), as well as population and population density. Large urban areas are allocated funding directly, specifically as a "designated recipient." Smaller UZAs with populations of less than 200,000 are allocated funds indirectly through the governor to public transportation agencies. Moreover, large UZAs can include multiple recipients of Section 5307 funds, and the Metropolitan Planning Organization (MPO) and designated recipient must collaborate on administering funds to all other recipients (Transit Cooperative Research Program (TCRP), 2014).

According to the TCRP Synthesis 113 Report, *Suballocating FTA Section 5307 Funding Among Multiple Recipients in Metropolitan Areas,* there has been a substantial increase in the number of UZAs and the number of public transportation operators within those UZA. These factors have a significant effect on how public transportation operators share funds allocated to each UZA. After the 2010 U.S. Census, the number of UZAs increased by 32. Of 179 UZAs with population over 200,000, 62 conduct suballocation of these grants (TCRP, 2014).

TCRP Synthesis 113 identifies the variety ways of ways public transportation operators participate in the suballocation process, which can be considered by VIA, as guidelines are developed to address short-term needs of newly incorporated cities and towns to the San Antonio UZA lying outside VIA's service area. The report used a detail survey to obtain comprehensive information on 62 UZAs across the United States that suballocate Section 5307 funds. According to the report, a majority of respondents that do suballocate use the exact FTA formula to suballocate their Section 5307 funds. The formula for areas with populations of 200,000 or more is based on a combination of the following factors:

- Bus revenue vehicle miles;
- Bus passenger mile;
- Fixed guideway revenue vehicle miles;
- Fixed guideway route miles;
- Population;
- Population density; and
- Number of low-income individuals.

Additionally, the survey revealed that the most influential factors in developing methodologies for suballocating Section 5307 funds were "projects promoting efficient public transportation services" and "projects preserving existing public transportation service." (TCRP, 2013). Conversely, survey respondents that did not use the FTA formula relied on a variety of suballocation methodologies, including a locally developed formulas that took into account the following variables: population, population density, and public transportation ridership (TCRP, 2014).

The Texas Transportation Institute (TTI), in their report, *Sizing and Serving Texas Urban Gaps*, found that portions of urbanized areas in Texas often are left without access to public transportation services as a result of urbanized areas either not approving a local option tax, or the area is located outside of the a transit provider service area. The purpose of the study was to: document the extent of urban gaps, characterize population with those gaps, identify mechanisms by which these areas have managed to offer transit services, and identify best practices. The study included Greater San Antonio Region as one of the areas with the largest urban gap populations. Some of the findings (for example, Chapter 3– – Strategies for Filling Urban Gaps) and lessons learned from this study can be considered by VIA as guidelines are developed to address the existing "urban gaps" through the expansion of San Antonio's UZA and future population and employment growth.

Studies Addressing the Subject of Service Area Expansion

A primary goal of transit agencies is to deliver efficient and effective transportation options to customers. In order to attain this goal, agencies must consider "service availability" when planning for their transportation services. According to Mistretta, Goodwill, Gregg, and DeAnnuntis (2009), "service availability measures the passenger's ability to access and use transit. Identifying, planning, and anticipating service area expansion are all important components of service availability" (page 9). Additionally, standards for service availability include service area characteristics, service coverage, route layout and design, and stop location and spacing (Mistretta et al., 2009). While this study emphasized best practices in service planning, some of the procedures are applicable when determining the extent of an agency's service area.

Service area characteristics, such as population and employment density, are helpful when planning for service area expansion. Identifying trends in key demographic data assists transit agencies in providing an appropriate level of service for areas and ensures that any one area is not over or underserved (Mistretta et al., 2009). Moreover, key measures of service area characteristics, such as population density, are one of the more common measures that transit agencies use to evaluate potential usage of the system (Mistretta et al., 2009). The criteria for the measures of service area characteristics are described in Table A.1.

Table A.1 Measures for Service Area Characteristics

Variable	Metric
Population Density	• Persons per square mile • Dwelling units per acre • Minimum number of household
Employment Density	• Employees per square mile • Employees per acre • Employees per employer (threshold)
Age	• Population age 18 and younger • Population age 60 and older
Income	• Number of households with incomes less than $10,000 • Per capita income
Vehicle Availability	• Zero-car households • One-car households

Source: Best Practices in Service Planning Center for Urban Transportation Research, 2009.

Identifying the optimal area to place transit services is key to ensuring transit propensity or transit use in a service area. According to Mistretta et al. (2009), "Standards will be used to determine where new service may be the most beneficial, but also could identify areas that currently are overserved due to demographics of the area. Service area characteristics relate directly to the type of service provided and the frequency of service" (page 76).

In the TCRP report, *Regional Organizational Models for Public Transportation,* authors highlight the significant need for transportation services in suburban and rural jurisdictions. Additionally, transit agencies and governments in those localities are confronting service coordination and funding shortfalls to adequately address the transportation needs of those areas. The TCRP report identified five models of service expansion that transit agencies have used to expand their service areas. There are five models to service expansion and include the following:

1. Expansion of transit service boundaries by statutory change;
2. Expansion of transit service boundaries by agreement;
3. Coordination or consolidation of multiple transit providers by statute;
4. Coordination of multiple transit providers by agreement; and
5. Overlay concept (combinations of above).

The approaches to service area expansion are diverse and require legislative changes and policy changes, as well as interagency collaboration (Grant, Pollan, and Blake, 2011).

Case Studies

Distribution of FTA Section 5307 Formula Funds

FTA does not mandate a specific methodology to suballocate Section 5307 funds for UZAs, leaving it up to designated recipient for the UZA. This section provides two case studies that illustrate the variety of methodologies used to by transit agencies to suballocate funds.

- **Metropolitan Transportation Commission (MTC), San Francisco Bay Area, California.** The MTC is the regional transportation-planning agency for the nine-county San Francisco Bay Area. It also is the designated recipient for five large UZAs in northern California. The MTC has established the following procedures and policies to allocate Section 5307 funds to each of its UZAs by implementing a needs-based, capital planning process. The 10 percent set-aside of FTA Section 5307 for Americans with Disability Act (ADA) operating costs is distributed using the Federal formula. Additionally, MTC funds public transportation projects that are the most essential to the region and consistent with the region's long range transportation plans. Prior to assessing UZA eligibility, MTC ensures that all projects are screened using predefined criteria and scores projects that pass the screening criteria. Additionally, projects that apply for funding must meet the following requirements:

- Be consistent with adopted regional transportation plan;
- Contain reasonable cost estimates and be supported by an adequate financial plan; and
- Projects must be well defined under grant requirements.

Finally, the MTC ensures that funds are distributed equitably amongst recipients to prevent that a significant of the funding goes to a single operator in any given year and enforces an established project funding caps. For example, vehicle replacement cannot exceed $20 million per year. Additionally, MTC enforces several policies that are considered before suballocation is determined, such as implementing a regional priority-programming model, which is used to allocate funds to eligible UZAs when an operator is eligible to claim funds in more than one UZA, and setting aside 10 percent of each UZA's Section 5307 funds for ADA paratransit operations (TCRP, 2014).

- **Port St. Lucie, Florida UZA.** Port St. Lucie is located along the eastern coast of Florida and has a population of 376,047 in its UZA. There are two official Section 5307 fund recipients in the Port St. Lucie UZA: St. Lucie County and Martin County. Moreover, each county has its own transportation operator. In this example, the Section 5307 funds are administered by the counties rather than a transit authority.

  St. Lucie and Martin Counties jointly administer Section 5307 funds and submit a letter to FTA each year providing the Section 5307 apportionment split. The rational for the split is as follows:

Split Factors	Weight
Population	50%
Revenue Miles	25%
Population Density	25%

  The suballocation process for both counties in the Port St. Lucie UZA has remained consistent for the past 10 years as a result of the direct and quantifiable methodology (TCRP, 2014).

Service Area Expansion Case Studies

This section describes local and national case studies of transit agencies that have expanded their service area through a variety of policy and legislative methods. Two local peer agencies were evaluated: Capital Metropolitan Transportation Authority (Capital Metro) and Dallas Area Rapid Transit (DART).

It should be noted that VIA has in the past executed a local agreement with a city outside its service area. In 1990, VIA signed an agreement with Comal County to provide special event transportation and sightseeing services within the County. Comal County is outside of VIA's service area. The agreement established VIA's right-of-way (ROW) on Comal's streets, roads, alleys, and highways. Although VIA's agreement with Comal County was not a traditional agreement to extend transit service throughout the county, it illustrates a collaborative contractual agreement to provide interim special event service in a jurisdiction outside the service area, and indicates the potential for additional agreements with other localities in the future (Comal County, 1990).

Capital Metro (Austin, Texas)

Capital Metro, established in 1985, is the regional public transportation in the greater Austin metropolitan area.

Capital Metro is funded by a one-percent sales tax collected by each county in the transit agency's service area. In order to access the service area, jurisdictions within the urbanized area, but outside the service area, must approve the required one-percent sales tax that Capital Metro uses to expand service. As noted previously, existing Texas State law caps the local sales and use taxes at 2 percent. Similar to VIA's experience, the 2010 Census revised the Austin UZA boundaries, resulting in added jurisdictions to the urbanized area and a subsequent need for more transit in the urbanized area. These fast-growing suburbs adjacent to Capital Metro's service areas are left without public transportation options, as they do not have the capacity to collect additional taxes (Capital Metro Transportation Authority, 2015).

Recent changes to Capital Metro's service expansion policy has allowed jurisdictions outside the service area to receive transportation services from the agency. The Capital Metro board recently approved revisions to the service expansion policy that will provide a range of options for nonmember jurisdictions to create an agreement or contract for transit services with Capital Metro (Denney, 2014). The policy changes were developed in collaboration with the Capital Area Metropolitan Planning Organization (CAMPO) through recommendations from CAMPO's Technical Advisory Committee (Muzquiz, n.d.).

The Capital Metro Revised Service Expansion Policy (Appendix B) includes five different options for joining the service area. Recognizing that several jurisdictions already have their sales taxes dedicated, the service expansion policy provides a range of options for localities to receive transportation services, and provides a regional approach to addressing transportation needs in a rapidly urbanizing area. According to CAMPO, the framework for the service expansion focuses on the following:

- Avoid fragmentation of the urbanized area;
- Provide access to Federal transit funds designated for the urbanized area based on the jurisdiction's proportionate share;
- Establish financial commitment to transit projects in nonmember jurisdictions;
- Provide seamless service throughout the urbanized area; and
- Meet any additional program goals required by FTA guidance.

According to the Capital Metro's service expansion policy, the first approach, joining Capital Metro, provides the preferred option for service; however, jurisdictions may not have the capacity to participate through a dedication of a 1-percent local sales tax. For those jurisdictions, the remaining approaches provide options for service and would allow Capital Metro to distribute Section 5307 funds to nonmember jurisdictions equitably." Capital Metro's service expansion policy is outlined below. Table A.2 outlines the advantages and disadvantages of each option.

Table A.2 Options for Service: Advantages and Disadvantages

Join CMTA	Contract for Service	LGC	Subrecipient	Direct Recipient
Advantages				
Full membership in service area. Provides more options for customers. Meets all regional goals.	Provides service for jurisdictions with limited funding. Has been used successfully in the region.	Allows jurisdictions to combine resources. Provides additional oversight through a board.	Provides more autonomy for jurisdictions.	Provides more autonomy for jurisdictions.
Disadvantages				
Jurisdictions do not have 1% sales tax available.	Limited service.	LGC Board adds another layer of coordination.	Possible fragmentation of UZA. Seamless service more difficult to obtain. Jurisdiction limited to calculated share of funding.	Possible fragmentation of UZA. Seamless service more difficult to obtain. Jurisdiction limited to calculated share of funding. Jurisdiction responsible for administrative costs and FTA compliance.

Source: Capital Area Regional Transit Coordination Committee Workshop PowerPoint

- **Join Capital Metro.** A municipality, county, or part of a county receives voter approval to join the Capital Metro service area and dedicates 1 percent local sales tax for transit.

- **Contract for Service.** Service contracts allow Capital Metro to provide service through an interlocal agreement between the jurisdiction and Capital Metro. The jurisdiction pays the cost of service, with a credit given to the jurisdiction for Section 5307 eligible expenses. Jurisdictions that contract for service are eligible to receive Capital Metro service through the most appropriate contract service provider.

- **Form a Local Government Corporation (LGC).** Capital Metro and one or more jurisdictions may enter into an agreement to form an LGC; whereby, the local jurisdiction and Capital Metro would establish a board of directors to oversee transit initiatives in the agreed upon area. Capital Metro would provide Section 5307 funding, while the local jurisdiction would provide local funds, such as general revenue, 4B sales tax, or private-sector funding.

- **Become a FTA Subrecipient.** Subrecipients contract directly with a service provider and seek reimbursement for the Federal portion of Section 5307 eligible expenses through Capital Metro. Capital Metro maintains responsibility for Federal compliance, certifications, and related coordination with FTA. Subrecipients are eligible to receive service through the most appropriate contract service provider.

- **Become a Direct Recipient.** Direct recipients receive Section 5307 funds directly from FTA for eligible expenses. The recipient is responsible for the management of funds and assumes all responsibility for Federal compliance, certifications, and local match.

DART, Dallas, Texas

DART operates buses, light rail, commuter rail, and high-occupancy vehicle lanes in Dallas and 12 surrounding suburbs. Similar to Capital Metro, jurisdictions outside of the DART service have not opted to be a part of the service area because they have utilized all or part of their 1 percent sales tax that is available for cities. However, DART has begun to implement policies to facilitate service area expansion. According to the DART fiscal year (FY) 2014 Business Plan, "the DART Board has helped facilitate service expansion outside of the DART service area by obtaining approval from the Texas Legislature in 2011 to form LGC to create entities through which contract service arrangements could be negotiated with cities" (Dallas Area Rapid Transit, 2014).

In 2012, DART provided bus service outside the service area to the City of Mesquite by contract. The service was created through an interlocal agreement approved by the DART Board of Directors and the Mesquite City Council, which is intended to last three years. Once the interlocal agreement was established between the two entities, the DART board created a LGC to facilitate contract service arrangements and general oversight for transit services.

In 2013, the DART Board modified their existing service area expansion policy and adopted new guidelines. The new guidelines were intended to clarify the conditions of extending service to cities outside the service area. According to the 2014 DART business plan "the Board obtained legislative approval in 2013 to permit the agency to enter into membership arrangements with cities located in counties contiguous to counties in which it offered existing service." Additionally, the revised service area expansion policy outlines a four-year contract period within which a city outside the service area can enter into a contract for services with DART. According to the DART service policy, "by the end of the third year the city must have undertaken, in combination with DART, the development of a system plan for comprehensive service for the city. To continue receiving service, the city must hold an election providing citizens of the city the opportunity to decide if they would like to become a member of the DART system and obtain full range of mass transit services pursuant to the service plan previously developed." Moreover, the board agreed that an outside city could become a member of the service area over a period of time, allowing the city to transition out of agreements and commitments it had made, which utilized all or portions of the 1 percent sales tax available for transit and other purposes (DART, 2014).

A recent example that illustrates DART's revised service area policy is the contract between the City of Arlington and DART. The City of Arlington entered in a two-year contract with DART and the T (Fort

Worth's public transit agency), for express bus service. The City of Arlington and its private-sector participants are responsible for 100 percent of the cost of operating the service. DART and the T will receive all farebox revenues from customers.

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B. Capital Metro Service Expansion Policy

METRO	POLICY NAME	Issued: June 2008 Revised: April 2014 Approved by:

PURPOSE

This policy revises the Capital Metropolitan Transportation Authority (Capital Metro) service expansion policy adopted in June 2008 and defines five approaches for service to jurisdictions within the urbanized area that are not currently served by Capital Metro. The first approach, joining Capital Metro, provides the preferred option for service; however, jurisdictions may not have the capacity to participate though a dedication of 1% local sales tax. For those jurisdictions, the remaining approaches provide options for service and would allow Capital Metro to distribute Section 5307 funds to non-member jurisdictions equitably.

POLICY

The Capital Metropolitan Transportation Authority (Capital Metro) service expansion policy for jurisdictions within the urbanized area, but outside the service area includes the following five options:

1. Join Capital Metro: A municipality, county or part of a county receives voter approval to join the Capital Metro service area and dedicates 1% local sales tax for transit.

2. Contract for Service: Service contracts allow Capital Metro to provide service through an interlocal agreement between the jurisdiction and Capital Metro. The jurisdiction pays the cost of service, with a credit given to the jurisdiction for Section 5307 eligible expenses. Jurisdictions that contract for service are eligible to receive Capital Metro service through the most appropriate contract service provider.

3. Form a Local Government Corporation (LGC): Capital Metro and one or more jurisdictions may enter into an agreement to form an LGC, whereby the local jurisdiction and Capital Metro would establish a board of directors to oversee transit initiatives in the agreed upon area. Capital Metro would provide Section 5307 funding, while the local jurisdiction would provide local funds, such as general revenue, 4B sales tax or private sector funding.

4. Become a FTA Sub-Recipient: Sub-recipients contract directly with a service provider and seek reimbursement for the federal portion of Section 5307 eligible expenses through Capital Metro. Capital Metro maintains responsibility for federal compliance, certifications and related coordination with FTA. Sub-recipients are eligible to receive service through the most appropriate contract service provider.

5. Become a Direct Recipient: Direct recipients receive Section 5307 funds directly from FTA for eligible expenses. The recipient is responsible for the management of funds and assumes all responsibility for federal compliance, certifications and local match.

All agreements for service under this policy must be approved by the Capital Metro Board of Directors and must meet the minimum requirements established in the appendices, which provide further guidelines. The appendices are included as reference for procedures only and are not adopted as part of this policy.

Links to Related Forms: Appendix A and B

Capital Metropolitan Transportation Authority
Service Expansion Policy

Appendix A: Guidelines for Service Expansion

To ensure that the service expansion policy is implemented in a manner that achieves regional goals, a program has been developed to provide guidelines to administer Section 5307 funds. Capital Metro is responsible for administering the program, but all projects will receive regional input by the Regional Section 5307 Review Team.

Allocation of Funds
Each year, Capital Metro will determine the amount of Section 5307 funds allocated to the region by FTA. As with the FTA Section 5307 apportionment method, Capital Metro will use population, population density, low income population and vehicle revenue miles to determine the amount of funds designated to the Capital Metro service area and to the urbanized area outside of the service area. Once the calculation and resulting figures are approved by the Capital Metro Board, Capital Metro's portion will be subtracted and jurisdictions will be informed of the amount available to the non-member jurisdictions in the Austin UZA.

Call for Projects
Following board approval of funding, Capital Metro will then issue a call for projects. The call for projects shall be aligned as closely as possible to the CAMPO Transportation Improvement Plan (TIP) cycle and the FTA funding cycle. Non-member jurisdictions that are currently participating in an agreement for service with Capital Metro will not be required to compete for funding existing service, but the jurisdictions are required to provide the information detailed in the *Applications for Continuing Service* section of these guidelines.

All applications received by Capital Metro will be reviewed by the Regional Section 5307 Review Team. The team will consist of five members, including one person from each of the following organizations: Capital Metro, CAMPO, TxDOT, CARTS and CAPCOG, who will score, rank and consider the most optimum distribution method by which to administer the available funds to the requesting jurisdiction. Recommendations will be provided to the Capital Metro Board for consideration and approval. Following approval by the Capital Metro Board, a program of projects will be submitted to CAMPO for inclusion into the regional Transportation Improvement Program (TIP).

The review process will be based on criteria developed for new service and for continuing service. Applications for new service include jurisdictions that are not currently participating in an agreement for service with Capital Metro, but wish to begin service. Applications for continuing service includes those jurisdictions already participating in an agreement for service with Capital Metro that wish to continue or modify service.

Applications for New Service:
Jurisdictions that are not currently participating in an agreement for service, but wish to begin service shall provide Capital Metro with assurances and data that demonstrate there is sufficient support and need for the project. Applications shall include the following:

1. A resolution demonstrating intent of commitment through City Council, Commissioners Court or equivalent policy-making body formal action. The resolution will provide assurances of the following:

    - Funding Commitment: The jurisdiction must provide proof of local match for no less than one year of the program.

    - Community Support: This formal commitment will ensure that there is sufficient community and stakeholder support for the service.

- Support of a Regional Fare Structure: The resolution will include confirmation that the fare structure for the proposed service will be consistent with existing regional fares. All service provided by Capital Metro will use the most current fare structure approved by the Capital Metro Board of Directors.

- Acknowledgement of ADA Complementary Paratransit Service Needs: For local fixed-route projects only, the resolution shall also address the requirement to provide ADA complementary paratransit service. Service providers are required to fulfill any ADA complementary paratransit request from an ADA-qualified passenger for an ADA-eligible trip. For service provided by Capital Metro's paratransit service (MetroAcess), jurisdictions will be required to reimburse Capital Metro for the fully allocated cost per vehicle hour related to MetroAccess service.

2. A three-year (minimum) Transit Development Plan (TDP), which is a plan that identifies transit needs, analyzes service options and financing, and provides recommendations for service. Guidelines for developing a TDP can be found in *Appendix B.*

   Capital Metro shall provide technical assistance as needed to develop the TDP. Technical assistance may include service planning, financial planning and capital planning. Capital Metro will also review all TDPs to confirm that the guidelines have been followed and to ensure consistency. FTA Section 5307 funds may be used to support planning efforts for the TDP.

3. Applicants may be asked to provide additional information pursuant to FTA requirements.

Applications for Continuing Service:
Jurisdictions that are currently participating in an agreement for service with Capital Metro and wish to continue providing the service, or make adjustments to the service, shall provide an administrative update to the TDP once a year. *Appendix B* contains the guidelines for yearly administrative updates. Projects that meet the requirements and demonstrate achievement of the goals of the TDP should expect to receive continued funding for the program as long as federal funding is available and in the amount that can support continued service.

Capital Metropolitan Transportation Authority
Service Expansion Policy

Appendix B: Guidelines for the Transit Development Plan (TDP)

Transit development plans provide recommendations for transit service in a jurisdiction. The plan helps to identify the transit service needs of an area that are not being met or that are not sufficiently met by existing services. The TDP also assists in developing and evaluating transit system alternatives and must include a financing plan. All TDPs must be adopted by the local jurisdiction's City Council, Commissioners Court or equivalent policy-making body.

TDPs developed for service expansion with Capital Metro are required to cover at least three years of service and will be updated yearly. Yearly updates will allow Capital Metro staff to evaluate performance of the service based on the measures identified in the TDP and to determine if changes are needed.

Capital Metro shall provide technical assistance as needed to develop the TDP. Technical assistance may include service planning, financial planning and capital planning. Capital Metro will also review all TDPs to confirm that the guidelines have been followed and to ensure consistency. FTA Section 5307 funds may be used to support planning efforts for the TDP.

TDPs developed for service expansion will include:

- Mission and goals
- Documentation of a public participation process
- Review of state and local transportation plans and the relationship to other plans and policies
- Explanation of connections to the regional system and regional goals
- Identification of areas for coordination with other local agencies, local communities and/or private entities
- Explanation of how service will be integrated in a regional intermodal network that increases connectivity, closes gaps and minimizes duplication of service
- Analysis of transit supportive growth patterns
- Analysis of multimodal accommodations that support transit service, such as bicycle and pedestrian facilities
- Estimates of the demand for transit service
- Performance evaluation of any existing service
- Analysis of service alternatives, including the financial impacts of each alternative
- Maps of the areas to be served and types and levels of service
- Three year program of strategies and policies to support the proposed service
- Three year financing plan

Additionally, jurisdictions must develop a monitoring program to track performance of the proposed service. This monitoring program will be included in the TDP document. The monitoring program shall include measures on system performance, quality of service and level of customer satisfaction. The measures shall be based using generally accepted transit performance measures, such as:

- Ridership
- On-time performance
- Passengers per mile
- Number of complaints received from customers
- Call center performance
- Number of accidents
- Number of vehicle breakdowns
- Complementary ADA service missed trips
- Complementary ADA service delays

- Revenue, expenses and cost recovery
- Cost per vehicle mile
- Revenue per passenger and revenue per mile

Yearly updates to the TDP shall be in the form of a progress report and shall include:

- Detailed description of goals achieved
- Analysis of inconsistencies between the TDP and its implementation
- Analysis of service based on performance measures identified in the monitoring program
- Description of any proposed changes to service for the upcoming year
- Revisions to the strategies and policies, if needed
- Revisions to the financial plan