

NORTHWEST INDIANA TRANSIT CONSOLIDATION PLAN

**Prepared for:
Northwest Indiana Regional Bus Authority**

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July 17, 2009

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Acknowledgments

Parsons Brinckerhoff (PB) acknowledges the contributions and assistance provided to us throughout the development and production of this document. Those agencies and individuals include:

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Chapter 1– Goals and Objectives of Consolidation

Introduction

This report presents the implementation plan to establish a regional transit system serving Northwest Indiana. Goals and objectives providing direction for the plan's development were identified in a workshop attended by several Board members of the Northwest Indiana Regional Bus Authority (RBA), the Northwest Indiana Regional Development Authority (RDA), staff representing the Gary, East Chicago, and Hammond transit systems, and the project team consisting of RBA staff, consultants from Parsons Brinckerhoff (PB) and from Policy Analytics, LLP. These goals and objectives include:

Goal 1:

Consolidate the three fixed route transit systems serving Northwest Indiana – Gary Public Transit Corporation, East Chicago Transit, and Hammond Transit -- into one entity that will plan, manage, promote, and operate a regional transit system in Northwest Indiana.

Objectives

- Obtain commitments from the Mayors from Gary, East Chicago, and Hammond to jointly cooperate and coordinate to consolidate transit services to establish a regional transit system.
- Engage stakeholders, elected officials, and the public in the planning of this regional transit system
- Address the concerns of stakeholders regarding the proposed consolidation and engage them to obtain consensus to consolidate these three transit systems

Goal 2:

Create a positive image for regional public transportation that elicits strong support for transit by the general public and key stakeholders.

Objectives:

- Promote support for the continuance and improvement of public transportation by the State and local jurisdictions

- Plan and operate regional transit system that provides local, cross-county, and feeder transit service to commuter rail to increase the value, utility, and funding worthiness of public transit in Northwest Indiana

Goal 3:

Provide a consistent quality standard for service that provides improved customer information, serves new market areas and attracts new ridership.

Objectives:

- Reduce the costs of providing service by reducing redundant expenditures
- Retain, improve, and expand services within the limits of affordability

Goal 4:

Coordinate commuter rail, demand response and private transportation services.

Objective:

- Establish a framework for collaboration and dialogue across service type and delivery options and providers, as well as, establish a framework for transportation systems management (TSM) and transportation demand management (TDM) programs that compliment transit

Goal 5:

Create an organization structure capable of designing and efficiently operating transit service that will best serve market areas of varying markets and population densities, such as fixed-route, point / route deviation, demand-response and regional and express services.

Goal 6:

Establish a framework fostering cooperation, coordination, and collaboration between transportation providers including public transit and community service transportation.

Why Consolidation is Necessary

Consolidation, involves coordination of functional, organizational, and physical attributes. This plan addresses fixed route operations and complimentary ADA service. Consolidation of the three fixed route Northwest Indiana transit providers focuses upon optimizing the use of financial resources in serving the greatest number of riders more efficiently. It aims to improve, modify, and expand transit services presently offered in order to upgrade the system's value and utility. The result – Northwest Indiana's transit systems remain responsive to the

transportation needs of local and regional markets. The other providers in the region, including the fixed route bus system in Valparaiso, the rail transit services of NICTD, and the demand response providers are envisioned to be part of, and benefit from, a consolidated regional system as it takes form. This proposed consolidation:

- Provides existing and future transit riders with a coordinated transit system with a route structure independent of jurisdictional boundaries
- Provides regional one seat (no transfer) rides as a service standard
- Operates local transit service consistent with market demand
- Operates flexible forms of transit, such as fixed-route deviated service and demand-response services
- Operates a regional comprehensive and coordinated system of ADA-compliant service that expands concurrently with regional transit service expansion

Transit service in Northwest Indiana will benefit from a system wide re-structuring. Consolidating resources of the three transit systems, developing a coordinated system of routes and services, focusing efforts on attracting new markets while still serving existing markets, these are just some of the actions necessary to create a regional transit system. These are the actions needed to establish the transit system as an integral component of Northwest Indiana's transportation system.

The consolidated system will apply a flexible strategy of operating different types of transit services that more efficiently and appropriately meet the needs of the public. For example, in parts of the Northwest Indiana with low-to-medium densities, transit service might include demand-response, deviated fixed-route, and pulse transit.

Northwest Indiana Transit Service and the Concept of Consolidation

The initiatives of the Northwestern Indiana Regional Planning Commission (NIRPC) served as impetus for the Northwest Indiana Regional Development Authority (RDA) and the Northwest Indiana Regional Bus Authority (RBA) to examine the operational and financial benefits that potentially could be derived from consolidating the East Chicago, Gary, and Hammond transit systems. Each system operates local fixed route and complimentary ADA services within their respective jurisdictions. Coordination, however, is weak among these systems.

Coordination and collaboration is integral to optimizing these transit services and in gaining public recognition that transit in Northwest Indiana is a valuable asset. The success of a transit

system hinges in part on its ability to be convenient and affordable for its users. However, each of these systems confines service to locations within their jurisdictions which lessens the public's perception of its value.

Transit funding is certainly not immune to the realities brought about by the present economy. Transit systems must continue to demonstrate that they are worthy of receiving annual funding at levels that meet program needs. Establishing and maintaining funding worthiness is critical particularly during this economic downturn. The budgets for each of these transit systems however continue to be cut. Each reduction results in loss of service and a corresponding reduction in ridership, plus losses in state and Federal funding. This situation creates a downward spiral extremely difficult to recover from and often leads to transit agency closure.

The Indiana Department of Transportation (INDOT) addressed the transit situation in Northwest Indiana. The DOT noted that the region's, local bus systems are undersized and the routings focus primarily on the needs of individuals considered "transit-dependent". The INDOT plan states that service expansion must focus on expanding fleet sizes and adding more frequent service in existing service areas, with limited expansion to new destinations that are focused on access to jobs. Minimal service and extended headways are barriers to attracting higher ridership, especially by choice riders.

Consolidation Plan in Brief

Northwest Indiana requires a coordinated and planned transit system that continues to provide increased value and utility. Needed improvements can be achieved by consolidating the assets of each of the transit agencies. This includes the bus fleet and maintenance and storage facilities, in particular. This will stabilize transit and regionalize its route structure while still maintaining local service. Preferably, budget savings resulting from operating efficiencies will be re-invested into the system budget to further improve and expand the level and types of services they operate.

A Consolidated Transportation Operator or CTO will become the entity responsible for guidance, planning, and operations of the reconstituted transit system. The current three transit agencies will be merged into one transit agency directed and managed by a Consolidated Transportation Operator (CTO). Consolidation of each of the transit agencies will be the result of focused and goal-driven collaboration participated in by the CTO with the three entities responsible for administration of East Chicago, Hammond, and Gary transit.

The CTO is *functionally* defined but is yet to be *organizationally* defined. The CTO could be the RBA, an existing transit agency, or a new entity that replaces the RBA. This collaboration would lead to the definition and signing of a Memorandum of Understanding (MOU). The MOU will address the new institutional structure, identification and transfer of assets, financial

responsibilities, types of services to be provided and numerous other related factors. A critical component will address the transfer of all labor contracts and full adherence to all labor union conditions and timelines.

Initially, the CTO would be tasked with stabilizing existing transit services. The provision of transit service would be market driven. The CTO, after a comprehensive operations analysis (COA) would use this analysis to target potential new transit markets while still providing the appropriate level of local transit service. The CTO would introduce flexible service delivery methods such as fixed route deviation or demand-response service which would enable transit to appropriately serve low to medium density areas of the region. In the longer term, the CTO might investigate promoting carpooling and vanpooling, as well as introduce park-and-ride services, ride matching, guaranteed ride home and other services.

Typology of Potential Consolidation Benefits

Potential benefits derived from the proposed consolidation include:

Improved Service for Riders. The principle benefit to be realized in consolidating is the improvement in service for transit customers. This benefit will be realized first by the seamless presentation of the services through a unified image, integrated timetables and maps, an integrated route naming and numbering system.

Increased Cost Effectiveness. The second benefit will be the improvement in the cost-effectiveness of service. Routes may continue to activity centers located beyond a jurisdiction's boundary or connect to employment centers in different cities. Duplication of service would be eliminated through better system-wide coordination.

Unified Government Relations. A third benefit will be the unified government relations and public relations program of the Regional System. Transit will speak with a unified voice and this should result in conveying a clear and definitive message to lawmakers and senior officials of Federal and state agencies when seeking increased funding and grants.

Economies-of-Scale. A final benefit involves economies-of-scale and system-wide coordination of operating activities. Information technology can be more effectively applied, and the transit system labor force can be deployed in a manner that increases productivity and job performance efficiencies.

When quantified, these benefits, following the ramp-up period for consolidation will represent an estimated savings of \$250,000 to \$500,000 annually depending on market conditions for fuel and other expenses that collectively will affect operating costs.

Economic Benefits of Transit

The Consolidated Transportation Operator (CTO) has the potential to generate direct and indirect economic benefits. For example, the expected state of our economy will unfortunately result in additional layoffs for Northwest Indiana residents. The availability of transit in many situations might become the only affordable means of travel to interview with potential employers. Direct connection to Northern Indiana Commuter Transportation District (NICTD) commuter rail stations will enable these job seekers to tap the job market throughout the Chicago region.

The 2007 RDA Comprehensive Strategic Plan applies the Regional Economic Model, Inc. (REMI Model). REMI is an econometric software tool widely used to predict the economic and demographic effects of policy initiatives. In this study, "REMI" was used to evaluate the impact of improvements in public transportation on Northwest Indiana by 2040. According to that study, the results for consolidated and improved bus transit are:

- Increase in employment by nearly 7,000 jobs
- Contribute to personal income growth of \$4.5 billion (Net Present Value)
- Generate \$7.2 billion in additional economic activity
- Increase population Lake and Porter counties by approximately 8,670

Once the consolidation implementation plan is defined the foundation is set for a seamless public transit system enabling transit passengers to travel by bus throughout Northwest Indiana using a truly regional transit service that is safe, convenient, affordable, and reliable. This consolidation/implementation plan has adopted an extremely aggressive one-year schedule. An estimated schedule for consolidating the existing services, restructuring the system plan to include both local and regional service is located in the Appendix.

Exhibit 1 provides a matrix of additional benefits often associated with transit system consolidation. Each item is identified as an improvement requiring expenditure and/or contributing towards service improvements, and/or generating cost savings.

**Exhibit 1:
Transit System Consolidation
Improvement Categories and Potential Impact(s)**

Consolidation Improvements	Expenditures Required	Potential Service Improvements	Potential Cost Savings
1. Route structure changes, improved routing, efficient use of transit operators, not only improves transit services provided but can also result in savings		✓	✓
2. Planned annual bus replacement program eventually results in a balanced distribution of fleet age. This reduces or eliminates peaks to perform bus routine maintenance, staggers major part change outs and overall results in the significant reduction of labor/mechanic overtime. It also results in a more reliable fleet thus improving system performance and quality.	✓	✓	✓
3. Purchasing similar bus models results in reductions in parts inventory, requires less storage space, and also streamlines maintenance training			✓
4. Interior and exterior bus advertising			✓
5. System wide transit marketing activities	✓	✓	
6. Prepare seamless bus service plan	✓	✓	✓
7. Develop centralized customer service program	✓		✓
8. Develop seamless paratransit program		✓	✓
9. Standardize and centralize installation and maintenance of bus stops, signs, and shelters	✓	✓	
10. Centralize specialized maintenance services (fare box, electronic signs, paint and body shop, major engine and transmission rebuilds, etc.)			✓
11. Implement information technology plan (ITS, Vehicle Locator, User Computer Interface – "Next Bus Arrival")	✓	✓	✓

Exhibit 1 Continued:

Improvements	Expenditures Required	Potential Service Improvements	Potential Cost Savings
12. Introduce operational and infrastructure improvement such as "real time" bus arrival and departure information displays to provide better services to transit users & operating efficiency.	✓	✓	✓
13. CTO coordination of safety systemwide	✓	✓	✓
14. Install and integrate a systemwide automated farebox system to enhance transit coordination and seamless passenger travel between transit systems	✓	✓	✓
15. Install and centralize revenue collection center and vault	✓		✓
16. System wide fleet conversion to low emissions buses	✓		✓
17. Improve frequencies on the busiest routes on public transit system	✓	✓	
18. Expand bus fleet to support introduction of regional bus system	✓	✓	
19. Develop park-and-ride lot plan for bus services	✓		✓

Chapter 2 – Overview of Existing Fixed- Route Transit Service in Northwest Indiana and

The transit systems in Northwest Indiana are not in a financially healthy state. Ridership has decreased over the last few years, mainly due to service cuts. The Hammond Saturday service was eliminated as of January 2009, as an example. Funding also continues to be a challenge as each system faces reduced funding from virtually all traditional sources. The consolidation plan is focused on averting and reversing this downward spiral in transit services.

Intercity Transit Services – Northwest Indiana to Downtown Chicago

Northern Indiana Commuter Transportation District South Shore Line (NICTD) provides rail service across the northern portion of Northwest Indiana connecting the region to downtown Chicago. Travel time from Gary Metro Center, located approximately halfway between the eastern border of Porter County and the Western border of Lake County, to Millennium Station in downtown Chicago, is approximately one hour in each direction. There are 19-scheduled eastbound and westbound trips linking Northwest Indiana with downtown Chicago. Three stations are located in Porter County just south of Lake Michigan. An additional four stations are situated in Lake County. Limited service is available on weekends, as well.

Pace Suburban Bus operates 3-routes connecting Hammond with points in Illinois. Pace also operates one route from Gary and one route from East Chicago transporting workers to the early morning shift at the UPS Hodgkins facility. There is a connection to the Chicago Transit Authority (CTA) network at the northern terminus of the Hammond transit route.

Local Fixed-Route Transit Services Operated and Contracted

For the most part, the transit services provided by each of the three fixed-route systems are limited to a service area defined by jurisdictional boundaries. Despite the blurring of municipal boundaries in terms of passenger trip needs, coordination among the three systems is minimal at best as it pertains to daily bus operations and future route and schedule planning. One bus route links Hammond, East Chicago, and Gary. This bus operates on hourly headways – a recent improvement over the prior two-hour frequency.

ADA requirements and service is defined and discussed in Chapter 4.

Gary Public Transit Corporation (GPTC)

GPTC, a Federal Transit Administration (FTA) Designated Recipient, is a local, independent, public agency that is governed by a Board of Directors. GPTC operates 13 routes. These include 10 routes operating within the corporate limits of the city and 3 routes serving other communities. Annual funding is derived from a property tax levy imposed by the transit agency. This revenue is supplemented by fares, and state and Federal (FTA) funding.

The GPTC service area population is approximately 200,000. The service area extends from Gary to Crown Point and Hammond, and provides service to shopping locations, employment centers and the county government center. GPTC operates its fixed-routes using 19-buses for the peak service. In 2008, GPTC annual ridership was approximately 900,000. GPTC operate paratransit service as well, to provide transportation for individuals who are elderly or disabled and unable to use the general bus service. Three paratransit vehicles are in service during the peak period. In calendar year 2008, 17,000 person-trips were provided by the paratransit service. Service reductions are expected to take effect in late June or early July 2009.

Hammond Transit (HTS)

The Hammond Transit System (HTS) operates 5 bus routes that provide service throughout Hammond and Whiting. Limited service expansions are provided to Munster, Highland, and the southeast side of Chicago.

Downtown Chicago and its south suburban communities, East Chicago, Gary, Griffith, and Highland are all accessible via transfer connections with South Shore, Pace, CTA, GPTC and East Chicago Public Transit. The Hammond Transit System is a municipal bus service of the City of Hammond. Its costs are paid in part through local, State and Federal taxes and in part by fare revenues. The service is operated by a private transit company under contract to the City using publicly-owned and privately-owned vehicles.

Hammond Transit serves a local population of about 83,000 and its service area is confined to locations within jurisdiction boundaries. Unlike GPTC, Hammond Transit is a unit of local government. Hammond's transit routes extend to the Community Hospital in Munster and Ultra Foods in Highland. Annual public transit ridership in 2008 was just short of reaching 300,000. The transit agency operates daily peak hour fixed-route service using 6 buses (as of January 1, 2009). Hammond privatized their ADA complimentary para-transit service by using a taxi cab company with a 22-vehicle fleet. In 2008, approximately 8,170 riders were provided paratransit service. The transit system is presently funded by the City of Hammond on a semi-annual basis.

East Chicago Public Transit (ECT)

East Chicago Public Transit operates fixed-route and paratransit services. ECT is a department of the City of East Chicago and is funded annually using local, state, and Federal funds. ECT provides riders with free transit service – no fare charged. The City’s population is almost 33,000. Annual fixed-route service ridership is approximately 270,000. The city operates 4 buses during the peak periods. Their service extends directly south of their core service areas. In particular, East Chicago extends to Woodmar Mall in Hammond, Purdue Calumet and Griffith Plaza in Griffith. ECT operates a complementary transportation program to assist individuals with disabilities.

Estimated annual ridership of the para-transit service is approximately 6,200. Complementary paratransit is a curb-to-curb, shared-ride service and scheduling is done on a first come-first-served basis. The service area includes origins and destinations within the corporate limits of East Chicago, and areas outside the city within three-fourths (3/4-mile) of a mile of the fixed route transit service.

Regional Bus Authority (RBA) Routes

The RBA is funding and coordinating the operation of regional routes; including:

- **Easygo 12 - Tri-city Connection:** Service is offered from the Dan Rabin Plaza to Gary Metro Center. The service runs on a 60 minute frequency on weekdays from 6 AM to 9 PM and on Saturdays every 2 hours from 6 AM to 9 PM.
- **Easygo 17 - Broadway Express:** Service is offered from Gary Metro to Lake County Government Center. The service runs on a 30-minute frequency weekdays from 5 AM to 7 PM and on a 60-minute headway weekdays from 7 PM to 10 PM and on Saturdays every hour from 5 AM to 10 PM.
- **Easygo 20 - US 30 Shuttle:** Service is offered from Broadway west to Meijers and from Broadway east to Wesfield Mall / Sam's Club. The service operates on a 60 minute frequency weekdays from 7:20 AM to 9:40 PM and on Saturdays every hour from 8 AM to 10:20 PM.

The RBA is also facilitating the on-going consolidation, and upgrade efforts for demand response dispatch centralization and coordination for these services throughout Northwest Indiana. The authority is also assisting the GPTC in procuring new fareboxes and coordinating the use of American Recovery and Reinvestment Act of 2009 (ARRA) (using stimulus funds) for transit capital projects in Northwest Indiana.

Strengths, Weaknesses, and Opportunities Analysis

In February 2009, a workshop was held to discuss various aspects of the consolidation. One of the activities conducted involved a Strengths Weaknesses and Opportunities analysis. The analysis addressed anticipated benefits that could be derived from revamped and expanded Northwest Indiana transit coverage, in general, and particularly focused on the three fixed-route systems and how these systems serve this region. The results of this analysis provide a snapshot of the current situation with regard to transit and a vision of future transit improvements.

Strengths

- Demand (activity) centers lie outside of urban core, opening more destinations
- Ability to extend services across City lines
- Cost savings – administrative/management consolidation
- One common fare structure
- Cost savings in labor and benefits – more employees to lower costs and marketing those additional benefits – more efficiency to be obtained
- Cost savings of ADA service
- Streamlined administration/management and elimination of duplicative functions
- Existing workforce knowledge and resources

Opportunities

- Gain knowledge of “outside” providers/services
- Demonstrate efficiency
- More destinations
- Benefits to customers such as, service reliability, routing changes, increased scheduling, 1-seat rides, reduced travel time, interlining opportunities, less time in bus and less waiting time, improve the perceptions of customers regarding transit, psychology of ridership, enhancements to essential services – (e.g., courts)
- Increasing / securing dollars
- Elevate the profile of transit agency

- Better opportunity to showcase the importance/impact of transit
- Defined regional transit operator, professional and separated from city budget
- Opportunity to provide flexible route services / use of GPS
- Improved communications and coordination within one organization instead of 3 fixed route services and 4 demand response services and numerous human services

Weaknesses

- Funding – lack of dedicated sources, lack of committed local money, less Federal transit funding available
- Equipment issues – Optima buses, Northwest Indiana Community Action Corporation (NWICA) 24 buses went offline at once, capital replacement schedule – leveling out (local match comes in batches) of bus replacement purchases
- Buses in poor condition are placed into service

Chapter 3 – Consolidation Arrangements, Recommendation, and Process

Definition, Evaluation, and Recommendation of Institutional Arrangement

Five institutional arrangements are identified as potential models for the responsibilities of the CTO. This section describes each option, lists the key advantages and disadvantages, and concludes with a recommendation and justification for the selection of the most appropriate institutional arrangement option for the consolidated transit system. A matrix (Exhibit 4) is provided at the end of Chapter 3 that summarizes each Option. It is also formatted for the comparison of Options. For each Option, information provided includes: a summary description of each option, responsibilities assigned to the Consolidated Transportation Operator, as well as, the key advantage and disadvantage.

The definition and assessment of each Option follows:

Option “0” – No Action Taken

Option “0” retains the current arrangement in the delivery and type of transit services provided in East Chicago, Hammond, and Gary.

Advantages of Option “0” include:

- No Advantages

Disadvantages of Option “0” include:

- Transit service throughout Northwest Indiana will not benefit from the changes associated with the proposed Regional System
- Continued downward spiral of transit funding will become the status quo until the transit systems cease operation for lack of funding
- Service reductions, eventually resulting in the loss of “critical mass” and corresponding sharp declines in the utility and value of remaining transit service
- The Hammond, East Chicago, and Gary transit systems will cease operation potentially within one year or less leaving Northwest Indiana without fixed route and ADA complimentary public transit service
- Costs to restart each system would be much higher than costs to upgrade the present systems or to consolidate them

FTA and INDOT would require justification for transit system startup and for substantiation of need for transit. FTA will seek a definitive answer from East Chicago, Gary, and/or Hammond to the following question: “What situation has changed since service ceased to justify starting a new transit system using federal funding towards capital purchases of rolling stock and guaranteeing that it will be successful?”

FTA and INDOT (to expand upon the above bullet) will also require substantial documentation and written commitments regarding the financial capacity of each of the three jurisdictions to operate the system safely and to maintain the facilities and buses

Maintaining the current transit arrangement could result in the elimination of transit service within a short period of time. Any future attempt to reintroduce transit service within Northwest Indiana would be confronted with a rigorous process to substantiate the need for transit service and to commit to a predictable and stable source of funding at the required annual level.

Option 1-CTO Responsible For Regional Transit System and Directly Operates Transit Service Delivery

In Option 1, a new entity is established, which for the purposes of this plan, is referred to in a generic sense as the “Consolidated Transportation Operator (CTO)”. The CTO assumes lead responsibility for the provision of public transit service in Northwest Indiana. The CTO could be a successor organization to one that already exists or it could be created by the Legislature or formed by existing enabling statutes. The CTO is responsible for system consolidation and all functions related to the provision of safe and efficient transit providing scheduled regional service, local service, and complimentary (ADA) paratransit service. The CTO’s role would be similar to that of any transit authority. Operating under the direction of a Board of Directors, the CTO would assume policy, administrative, planning, marketing, and operations responsibilities. Annual budgets, work plans, hiring of consultants, outsourcing, and approving major procurements are all examples of ongoing responsibilities of the Board of Directors and the CTO Executive Director.

The Memorandum of Understanding (MOU), signed by the Mayors for the Gary, East Chicago, and Hammond transit systems, provides the authority for the transfer of all transit service-related responsibilities, assets, and contracts, including union labor contracts to the CTO.

Composition of the Board of the Directors might include representatives of each of the jurisdictions served by the new transit system. The full composition of the Board will need to be

determined prior to the signing of the MOU. A manageable number of members should be an objective recognizing that the number of Board members could change from what is initially

established at startup to what is ultimately required following the ramp-up of the consolidated transit system.

Maintaining coordination and continuing collaboration with the entities formerly responsible for the three transit agencies prior to consolidation must continue. Collaboration is the initial goal established by the advisory committee for the preparation of this consolidation plan and it continues as a guiding principle beyond the signing of the MOU. Ongoing collaboration and coordination during the startup stage of the new system provides valuable input that reduces risk associated with making key transit system-related decisions.

Advantages of Option 1 include:

- Consolidated transit system design, operation, and management
- Local and regional outlook in the planning and introduction and operation of transit services meeting the needs of traditional and special transit markets
- Eventual operation of a seamless regional transit system
- Identification of actions directed towards short-and long-term cost savings and efficiencies and focused, and ongoing assessment and accounting of costs savings
- Example of intergovernmental cooperation and coordination that can elicit support for transit from elected officials, interest groups, and the general public
- Ability to speak with “one voice” when advocating transit policy and programmatic issues and when pursuing transit funding

Disadvantages of Option 1 include:

- The CTO is dependent upon current and declining revenues from the jurisdictions (at least in the short term) to operate a local and regional transit system typified by consistent quality and service level decline
- Coordination-related issues among the local jurisdictions and the CTO over elements included in the MOU
- Assets from the three consolidated agencies might result in higher than anticipated expenses
- Potential changes in the fare structure that could differ significantly from the jurisdiction-based services currently provided
- Consolidation of ADA complimentary service might require expansion and greater

expense as the consolidated transit system service and route structure expands to new locations

Option 2 - CTO Responsible For Consolidated Transit System; Delivery Of Transit Service And Potentially Additional Operations-Related Functions Are Outsourced.

In Option 2, the CTO continues its lead responsibility for the overall Consolidated Transit System, with one notable difference. The CTO outsources all or part of the operation of the service(s) and/or maintenance functions of the fixed-route, and ADA-related services. This option might also include the outsourcing of some or all administrative, planning, design, facilities maintenance and marketing functions. Outsourcing decisions will be made following trade-off analyses of cost-benefit of each management and/or operating function.

Option 2 adds major contract management responsibilities to the responsibilities of the CTO Executive Director. It also imposes a unique institutional arrangement that predominantly re-directs the CTO towards becoming a transit policy, funding, planning, and operations oversight entity. The CTO Board of Directors makeup would likely remain unchanged. As in Option 1, the consolidation takes form; reason(s) might arise when changes in Board composition become necessary. Examples of CTO responsibilities would be similar to the responsibilities identified in Option 1. While outsourcing of operations relieves the CTO of direct operational responsibilities, their responsibility for determining the types of transit service offerings, service routes and levels, and service policies, including those relating to fares and ADA would continue.

Advantages of Option 2 include those listed in Option 1, in addition to the following:

- Establishes an institutional arrangement primarily focusing CTO on transit policy and establishing their broad responsibilities for directing the new region-wide transit system
- Potential financial savings resulting from outsourcing and CTO staffing reductions
- Potential financial savings resulting from aggregating like-services through outsourcing

Disadvantage of Option 2 include those listed in Option 1 in addition to the following:

- Initial savings derived from outsourcing, depending upon contract terms, could eventually diminish following the initial contract period
- A significant monitoring of services will be required to assure the CTO that quality of

service will remain at the high standards imposed by the CTO

Option 3 – Funding, Administrative and Technical Functions Consolidation

Option 3 does not involve the consolidation of transit service. Instead, operating responsibility remains with each of the three transit agencies. However, funding, administrative, planning, marketing, and the ADA certification processes, for example, would be assigned to the CTO. The former would be defined in the MOU as CTO responsibilities. The allocation of dedicated funds, state and local funds to each of the 3 transit agencies would be a CTO responsibility. Transit systems would need to substantiate prior expenses and justify and request for additional funding. The CTO maintains the authority to determine annual funding for each of the 3 transit agencies.

Advantages of Option 3 include:

- Greater focus by CTO on policy and definition of the expanded service area

Disadvantages of Option 3 include:

- Does not meet the goal to establish a consolidated transit system for Northwest Indiana
- While the MOU assigns allocation of funding responsibilities and policy and service delivery responsibilities to the CTO, adherence to service directives might potentially lapse over time depend on the relationship of the CTO with the General Managers for the three jurisdiction-based transit agencies
- Loss of consolidated identity and many of the economies-of-scale benefits that are expected to accrue as a result of consolidation
- Public perception of a new consolidated transit system will be greatly diminished

Option 4 – Organizational Consolidation

Option 4 is similar in many respects to Option 3. Operational responsibility for transit service would not be transferred from the three transit agencies to the CTO. The CTO would plan and coordinate the implementation and marketing of a regional transit system that would now includes inter-jurisdictional transit services in addition to a retained level of local transit service. The MOU would include CTO responsibilities and would transfer annual funding of each transit system to the CTO.

Advantages of Option 4 include:

- CTO responsibility for policy and procedure adherence
- Unified marketing and coordination
- Single application and more leverage for funding but not nearly to the extent of Options 1 and 2

Disadvantages of Option 4 include:

- Reduces the concept behind developing and consolidating transit service in Northwest Indiana
- Little to no economies-of-scale relating to the direct provision of transit service

Consolidation Recommendation

Option 1 is recommended by Parsons Brinckerhoff as the preferred initial transit consolidation approach. Option 1 centralizes all transit funding, planning, management, and operation-related functions within the CTO in a manner that is consistent with the goals and objectives defined by the RBA and RDA and articulated at the beginning of this Plan. This recommendation is based on all of the advantages identified in the Option 1 definition.

Driving forces for the implementation plan include creating an institutional arrangement in Northwest Indiana that fosters strong coordination and support for a regional system and maintains the appropriate level of local transit service. Option 1 should generate economies-of-scale and financial efficiencies in addition to the aforementioned improvement in transit system coverage and services.

Option 1 differs only from Option 2 by the method used in the actual delivery of transit services. Option 2 incorporates outsourcing some or all of the transit operations and possibly some or all of the administrative and/ maintenance functions. It is premature to make an outsourcing decision at this time since cost factors such as labor, equipment, maintenance, and operating budget requirements for Regional System operations are not yet known. While these costs can be estimated, actual operating costs have yet to be determined. It is consistent with the objectives of the CTO to maintain on-going tracking of all expenditures by category. This data will support the continuing review of service delivery, maintenance and administrative costs to support an annual analysis (for example) to determine if operations and other CTO functions should continue a direct CTO responsibility or if they should be outsourced.

If this analysis reveals significant cost savings gained through outsourcing operations, Parsons Brinckerhoff recommends the CTO Board of Directors transition from Option 1 to Option 2.

Initial funding to support the consolidated system will consist predominantly of local, State and federal funding. Local funding would be required for the “ramp up” years as the transit services consolidate and move towards a more regional network of services, at a minimum. Local government funding would phase out in the event dedicated funding for transit is obtained, and at a level sufficient to support current and future operating plans.

When economies-of-scale eventually come into play the new system will then begin to see the benefit of financial efficiencies. Annual cost savings will be reinvested into the operation, if permitted, and used to support service improvements and/or service expansion, as recommended by the CTO.

To make certain that local transit needs are adequately provided, an advisory committee comprised of representatives from each of the three jurisdictions and subcommittees of the CTO Board is recommended to provide oversight, much like the role that the RBA Service Advisory Committee currently performs.

In addition, it is suggested that the CTO establish a Citizen’s Transit Service Advisory Committee. Applications would be solicited from riders and approximately nine to twelve applicants would be invited to serve a multi-year term. These committees are valuable in identifying areas where transit improvement should be focused. The Citizen’s Transit Service Advisory Committee can also serve as a “lay” sounding board when fine tuning planned service changes. Additionally, the Advisory Committee, based on national experience with similar committees would become a strong vocal transit advocate and ally for the CTO in the Indiana Legislature.

Pre-Consolidation Process

The initial formal step towards consolidation is the negotiation and crafting of a Memorandum of Understanding (MOU) that details the actions that will take place and the dates upon which they will occur. The MOU will detail the assumption of responsibility for the operation of the consolidated transportation system. The thoroughness and quality of the MOU hinges on cooperation, coordination, and collaboration between the Consolidated Transportation Operator and the individuals authorized to represent the Hammond, East Chicago, and Gary Public Transit Corporation transit services.

A central focus of the MOU is laying out a process and schedule for the relinquishing of transit operations responsibilities by the three transit agencies and the assignment of responsibility to und, manage, and operate to the CTO. Dates “triggering” specific actions require agreement and become part of the MOU, as well. All assets, including buses, real estate, vehicles, machinery and equipment will be identified for transfer to the CTO. Funding responsibilities, cost allocation, and any revenue sharing will also be included in the MOU. All contents of the

MOU legally bind the CTO and the Cities of Hammond, East Chicago and the Gary Public Transit Corporation/City of Gary to all MOU conditions.

Consolidation activities should not be taken until the MOU is executed by all the parties involved. The following are the steps, listed sequentially, that should be taken to craft this agreement:

- Mayors receive consolidation plan and authorize negotiation of Memorandum of Understanding (MOU)
- Agreement reached regarding the institutional arrangement to be used in managing the new transit system
- Assets to transfer to the consolidated transit authority are identified and residual value is calculated using straight line depreciation and the processes defined by the Federal Transit Administration
- Agreement on the multi-jurisdiction cost-allocation method for operating and capital expenses
- Agreement reached on the remaining components of the consolidated system
- Mayors collectively sign the MOU (Note: Mayors might not be the signatory in all instances)
- Each signatory to the MOU assigns a consolidation coordinator tasked with helping establish the consolidated system as well as observe the reorganization process
- Coordination team agrees on a location or locations from which to perform the administrative and operating activities for the Regional System
- All dates for the transfer of and assumption of transit operating authority are confirmed

Assignment of Assets to the CTO and Calculation of Depreciated Value

The consolidation of GPTC, Hammond Transit and East Chicago requires that the assets of each of these transit agencies be evaluated and transferred to the CTO. Major assets would include items including but not limited to public transit buses, paratransit vehicles, and maintenance facilities and heavy equipment. It is important that the CTO be or become the Designated Recipient of Federal Transit Administration (FTA) funding grants for the provision of transit service in Northwest Indiana. This not only enables the CTO to submit grant applications and directly receive funding from the FTA, it also facilitates the relatively “easy” transfer of

assets. FTA permits the transfer of assets, such as buses, facilities and equipment that were purchased with FTA funds to other designated recipients without reimbursing FTA for the federal share originally granted for the purchase of the asset. The local jurisdictions and the GPTC Board may require that the remaining portion of the local match (residual value) be paid to each transit agency. The residual local share is customarily calculated by using a straight-line depreciation distributed proportionately over the life of the vehicle, as defined by FTA. For example, FTA defines the useful life of a 30 to 40 foot diesel transit bus to be 12 years. In the following example only one bus is being transferred to the CTO. The bus was purchased in 2005 making it 4-years old. Eight years of useful life remain. Exhibit 2 illustrates a step-by-step example of the financial calculations of this transaction.

Exhibit 2

Calculation Local Share of Bus Purchase as Part of Assets Assignment

Step 1-	12 years useful life of forty foot bus (minus) bus age of 4 years (equals) 8 years useful life remaining
Step 2-	8 years remaining useful life (divided by) 12 year total useful life (equals) 2/3rds or 66% of local share paid by the City of Gary
Step 3-	Price of new bus = \$450,000
Step 4-	Federal share = \$360,000
Step 5-	Local Share = \$90,000
Residual	66 % of \$90,000 = \$59,400

In this example the CTO would need to pay GPTC \$59,400. GPTC could wave this reimbursement in lieu of future GPTC-related expenses. Should GPTC, the entity that holds the title, decide to sell this bus to a non-designated recipient, GPTC would be required to reimburse FTA 66% of the residual value of the bus. Either an electronic transfer of funds to FTA would be made or FTA might decide to subtract the federal share of the residual value from the current or upcoming annual allocation of FTA funds to the GPTC (or potentially the CTO).

Exhibit 3 contains a 2008 bus fleet inventory for Hammond Transit, East Chicago Transit, and the Gary Public Transit Corporation:

Exhibit 3

Transit System Bus Fleet Inventory and Profile

<i>Transit System</i>	<i>Fleet Size</i>	<i>Year of Vehicle</i>	<i>Age of Vehicle (yrs.)</i>	<i>Manufacturer</i>	<i>Wheelchair Positions</i>	<i>Total Capacity</i>	<i>Fuel Type</i>
HAMMOND	4	2003	6	Opus	2 positions	25	Diesel
	3	2002	7	Opus	2 positions	29	Diesel
Total Fleet	7						
EAST CHICAGO	1	2008	7	Equinox	2 positions	5	Gas
	1	2007	2	Gillig 35ft LF	2 positions	32	Diesel
	1	2007	2	Gillig 35ft LF	2 positions	32	Diesel
	1	2006	3	Gillig 35ft LF	2 positions	32	Diesel
	1	2006	3	Gillig 35ft LF	2 positions	32	Diesel
	1	2005	4	Ford E350	2 positions	15	Gas
	1	2002	7	Ford E350	2 positions	15	Gas
	1	2001	8	Silverado	No	3	Gas
	1	2001	8	Phantom	2 positions	29	Diesel
	1	1999	10	Phantom	2 positions	29	Diesel
Total Fleet	11						
GARY (GPTC)	5	2008	1	Ford E450	3 positions	10	Diesel
	3	2007	2	Gillig 40'	2 positions	31	Diesel
	5	2007	2	Gillig 35'	2 positions	25	Diesel
	4	2001	8	Chance LF	2 positions	17	Diesel
	1	2000	9	Chance AH28	2 positions	20	Diesel
	3	1997	12	Nova RTS	2 positions	21	Diesel
	2	1997	12	MC RTS	2 positions	29	Diesel
	4	1996	13	TMC RTS	2 positions	29	Diesel
	1	1995	14	Flexible	2 positions	30	Gas
Total Fleet	28						

Exhibit 4

Summary: Institutional Arrangement Options

OPTIONS	CONSOLIDATED TRANSPORTATION OPERATOR RESPONSIBILITIES	CTO RESPONSIBILITIES AND PRACTICES													KEY ADVANTAGE	KEY DISADVANTAGE			
		Policy Development	Service Planning	Transit Service Delivery	Outsource Transit Ops	Operations Oversight	Capital Procurement	Administration	ADA Certification	Ops ADA Service	Outsource ADA Ops	Coordinate w/ Human. Srvcs. Agency Transp.	Fund Recipient	FTA Designated Recipient			Marketing	Facilities Maintenance	Outsource Facility Maintenance
OPTION "0"	Continue current transit arrangement of 3 transit agencies; no consolidation or CTO																	None	No Consolidation; Funds/Srvcs. Decline/Stop
OPTION #1	Full consolidation; CTO plans, operates regional transit system	X	X	X			X	X	X	X		X	X	X	X	X		Consolidation and regional system	Uncertainty dedicated transit funding
OPTION #2	Full consolidation; CTO relies heavily on outsourcing operations	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	CTO emphasis policy, planning, efficiencies	Outsourcing cost might increase at renewal
OPTION #3	3 transit systems; CTO provides funds systems, policy/ops direction & ops oversight	X	X			X	X	X	X			X	X	X	X			CTO emphasis policy, planning, efficiencies	Doesn't achieve goal of consolidation
OPTION #4	3 transit systems; current funding arrangement; CTO provides, direction & oversight	X	X			X		X				X						CTO emphasis policy, planning, efficiencies	No consolidation or economies-of-scale

Chapter 4 – Proposed Fixed-Route Service Design and Delivery / Operations and Maintenance

This section describes the proposed transit service design / sketch plan for the CTO transit service. The proposed consolidation will address the planning and delivery of effective fixed-route and other types of transit services, tailored to meet the needs of the region with the right vehicles, on the right routes at the right times in three phases:

- Realigning current fixed-route services to link origins/destinations, improving direct service (near-term)
- Implementing an overlying grid of regional fixed-routes, north-south / east-west to facilitate improved connectivity
- Studying, and potentially implementing a series of flexible community services in areas that are not served by fixed-route transit, with links to the regional service(s)

Typically, a Comprehensive Operations Analysis (COA) is undertaken prior to the realignment of existing services or the implementation of new services. This Consolidation Plan and the companion sketch service design were produced in a compressed timeframe without a COA. Nevertheless, it can be used as a blueprint for framing the eventual analysis and in-depth discussions around what the transit services in Northwest Indiana should look like. Phases 1 and 2 are viable in the short term to stabilize the service levels and ridership while the details of the consolidation are worked out. In any event, a COA is recommended before Phases 3 and 4 are implemented.

Once the fixed-route services are stabilized in Phases 1 and 2, along with the needed ADA services, requisite attention needs to be turned to the demand response providers in the remainder of Lake and Porter counties. Flexible service models, point deviation and other service model should be examined to make maximum use of the vehicles and funding sources for these types of services.

Phase 1

This first phase of the consolidation reallocates existing services by linking Hammond and GPTC/Gary east-west routes. These routes would remain on their current corridors within each community, but extend across Cline Avenue to improve directness. Gary passengers would be able to access shopping and education in Hammond, Hammond residents would have more direct service to jobs, shopping, and government services in Merrillville and Crown Point. The study team considers it quite reasonable to anticipate a ridership growth on those routes, conservatively estimated at 5 to 10%.

Phase 2

The second phase of the consolidation would be rationalizing the overall level of service at a route-specific level. This would require additional planning and community involvement. For this project, the cost projections do not include any savings or offsets from service reductions; however we do take notice of the relationship of GPTC's span of service with their relatively low passenger/hour figure. While any rationalization of the GPTC service span could reduce the number of riders, it may increase productivity – lowering the cost per passenger. Conversely, reinstating previous Hammond Saturday services, and increasing frequency on its most productive route, would obviously increase total ridership, serving more residents – but with a possible penalty in productivity.

Phases 3 and 4

The third phase is comprised of two components – Phase 3 and Phase 4 -- aimed at different markets. While the first component – regional routes – has a basis in current operations, both would require further study and evaluation to determine its desirability and cost-effectiveness.

Regional Fixed Routes

These scenarios include six regional fixed-routes over the service area. Three of those routes already exist in some form.

The proposed north-south routes would include:

- Calumet Avenue – linking the CTA connection at 106th/Ewing in Chicago with casino employment, and other jobs/shopping/educational/health needs through Hammond and into Dyer, where it will link to an east-west route on US 30. This route is an extension of the current Hammond Route 1
- Indianapolis Avenue – linking the CTA connection with casino employment, downtown Whiting and St. Joseph Calumet University, East Chicago, and additional shopping, jobs, and so on to a connection with the US 30 route
- Broadway Express, the current link from Gary's Metro Center to shopping, jobs, and government services in Merrillville plus considers branching options to directly serve Westfield Mall area and new social service and university destinations along Broadway south of 93rd, and Crown Point. This route is currently operated by GPTC, funded by the RBA

The proposed east-west routes would include:

- Tri-Cities Connector, connecting Hammond, East Chicago, and Gary – along the Route 12/20 corridor. This route is currently operated by GPTC, funded by the RBA. Evaluate existing deviations from core alignment and A-B routing in Hammond
- Ridge Road – from Munster to Portage via Ridge Road. This route would provide the east-west link to jobs, shopping, and medical services; and could be extended to the South Shore Portage station
- US 30 – from Dyer to Merrillville/ Hobart via US 30. This route would provide a two-seat ride (one transfer) for passengers on north-south regional routes, to access the jobs, shopping, and government services in the corridor. The east end of the route could focus on the shopping areas with connections to the Government services, or serve both areas through circulators or transfer

Inherent in these recommendations is a realignment of local services, to eliminate duplication and foster connectivity.

Community Circulators

A second step augments regional service would be a series of Community Circulators. Obviously, each area would require a cost/benefit study. That said there are several potential markets, to which additions or deletions could be made.

- Dyer, Schererville, St. John
- Munster, Highland Griffith
- Gary-Black Oaks
- Hobart, Lake Station and New Chicago
- Portage, Chesterton

Such Community Circulators can take a number of forms; it would be an error to assume that any would necessarily operate with a fixed-route bus. A General Public Dial-A-Ride, Flex-Route, or some other form may be the best. Not only could these routes link with regional services, but by their nature they are fully accessible, possibly precluding the need for additional ADA service. The existing Valparaiso V-Line is an example of a service option.

Notes on Flexible Services

The patterns of residential and commercial growth, economic upturns and downswings and changes in lifestyle have not been helpful to traditional fixed-route transit services. Most of the population loss has been in the three cities. The southern and eastern areas have generally increased in population. In areas such as Northwest Indiana that has experienced significant population losses, there is no longer the density of population to support large fixed route bus operations except in urban areas such as Gary, Hammond and East Chicago. A Consolidated Transportation Operator (CTO) must utilize its resources to provide the most effective and efficient types and levels of service to meet regional transportation needs. Designing and delivering transit services to meet these criteria are important to the success of the CTO.

The opportunity to develop and implement a flexible service program in the Northwest Indiana region is aided by these factors:

- Existing General Public Demand Responsive Service - the existence of a general public dial a ride service in Northwest Indiana provides a foundation for the delivery of similar services across the region
- More Than 100 Human Service Operators - there are over 100 not for profit operators of client transit services in Northwest Indiana
- The population density, distances between major employment and residential centers and lifestyles in Northwest Indiana can be better served with flexible services. It can be expected that these services would appeal to discretionary riders broadening the appeal of the new consolidated agency's services

The key to the success of the consolidated service will be to quickly improve the levels and types of services that will be provided throughout the region. The CTO must find the correct balance between its existing and new fixed route and demand-response services and the client-based services by human services agencies.

The types of flexible services that should be offered by the consolidated agency include:

- Community Circulator Services that provide transportation services in support of specific community-oriented activities such as shopping, education or recreational activities
- Route Deviation - Services that can deviate off of fixed routes to serve activity centers
- Demand Responsive Feeder or Connector Service - These are services that would meet up with other line haul or fixed routes services such as the South Shore Railroad. These services can be operated as demand responsive services or vanpools

- Zoned or Service Routes - These are vehicles operated in demand response mode along a specific route or corridor

The purpose of the flexible service offering is to meet transportation needs that fixed-route services do not meet today and to expand the coverage of the new consolidated agency in the most cost-effective methods possible. In addition to the aforementioned private service providers that can be contracted to provide flexible services, the new agency can also choose to expand the existing general public demand responsive service utilizing the transportation resources of the existing paratransit service providers offering those agencies another source of much needed funding.

ADA Complementary, Demand Response and Coordinated Services

The initial focus of the Consolidation Plan has been and continues to be the fixed-route services. However, it is important to recognize some aspects of the nuances of consolidating the ADA complementary services in their proper context with respect to other services offered, and to provide some ideas for how the entire spectrum of alternate services can consolidate, and be provided for as the fixed-route system matures under the Consolidation Plan.

Complementary Service

The Americans with Disabilities Act (ADA) mandates the provision of transportation services for individuals with disabilities that prevent them from using regular fixed-route transit services. This obligation, currently being met by the existing fixed-route transit service providers in Northwest Indiana, and will continue under a consolidated system. Access to services and activities is critical to maintaining the quality of life for people who are mobility challenged by disability a population that will increase significantly over the next decades.

Complementary service is required only in areas served by local fixed route service, generally within $\frac{3}{4}$ mile of a route. Only people who are pre-qualified based on inability to access and use fixed route bus due to a disability may use a complementary service. The service provided must be “equivalent” to the service it complements and ride requests cannot be turned down because of lack of capacity. The Complementary service requirement can also be met with “flexible routes,” where buses leave the route on demand to pick-up or drop-off a passenger near their door. Also, certain express services are exempt from providing complementary service.

Demand Response Service

In Northwest Indiana, curb-to-curb demand response service is available through out the more suburban and rural areas, and includes service to destinations within the complementary

service area. These services are open to the public and there is no eligibility prequalification. Due to budget constraints these services do not have sufficient capacity and service typically fills up days and weeks in advance. Previous studies for NIRPC, RBA and INDOT have noted that the market is vastly underserved.

Coordinated Service

In addition to public services a large number of not-for-profit human service agencies provide or pay for transportation for clients to get to their programs. Transportation is costly to the agencies and is secondary to the prime service they provide for their clients. Also transportation is provided only for the purposes of the agency and clients often lack the means to make other types of trips that are vital to a fulfilling life.

Under the consolidated system the regional transit agency, its contract providers and human service providers would work to coordinate and perhaps consolidate services for the purpose of providing more convenient and efficient services for elderly disabled, low-income and other mobility challenged persons that also to meets federal priorities to encourage the coordination and consolidation of these services to make them more cost effective and to increase their ability to meet the transportation needs of these market segments. These goals mesh with those of the consolidated regional service as the Federal Transit Administration mandates that Job Access Reverse Commute (JARC), New Freedom and Section 5310 Programs be coordinated and consolidated.

Providing the appropriate mix of services that meet the needs of elderly, disabled, low income and other mobility limited persons is very challenging and costly. In recognition of this test the consolidated plan will be guided by:

- The consolidated service will meet the requirements of the American with Disabilities Act
- The need for complementary and all types of demand response services will continue to grow with the ageing of the population, requiring that the consolidated agency offer attractive options to traditional services
- The consolidated agency will coordinate and collaborate with the region's social service providers
- A continuous educational effort will be a formal part of the service plan so that healthcare providers, social workers, caregivers and others are aware of the cost and complexity of providing transportation service
- The consolidated agency will embrace lower cost methods of delivery services such as volunteer transportation programs, the use of taxicabs and the use of advanced hardware and software to maximize the effectiveness of service

Volunteer and Community Based Programs

Many regions across the country have begun to employ innovative solutions to meet their transportation service needs. These programs utilize community-based resources often through volunteer effort or underutilized resources to provide services. The CTO could consider one or both of these service delivery methods only after the fixed-route and complementary ADA services are adequately provided for.

It is recommended that the consolidated agency consider the use of these programs:

Volunteer Senior Transportation – Many agencies have worked with ITN America, a program enabling seniors to maintain their independence by using volunteers to provide rides. ITN works to establish a network that provides door-to-door transportation. A resource of volunteer drivers is established who agree to provide rides for which seniors pay a nominal fee.

Use of the For Hire Livery Industry - There are dozens of 'for hire' livery, taxi and sedan service in Northwest Indiana. In other parts of the nation, agencies have begun to use these resources to provide transportation service at lower cost than traditional service delivery methods. Often taxis and sedan service wait for regular rides while seniors and disabled need services in real time and cannot get them. Taxis and sedan services are more flexible and can offer lower per ride costs, if the cost of the trip is negotiated in advance. While taxi service may be less expensive than dial a ride van services they are not a substitute for personalized door to door services. However they can rapidly expand the availability of paratransit service. The for-hire industry is often an under utilized asset and its involvement in the provision of consolidated service in Northwest Indiana would inject an economic boost to the region from the consolidation.

The CTO should also consider a community partnership effort under which service could be expanded by having private interests such as senior assisted living centers paying an annual fee for service that would be matched by the regional transit agency or providing a van to these organizations to provide a minimum level of service annually. The advantages of these community based partnerships are more that economical because they expand service at the lowest possible cost to the region.

Service Consolidation

The Regional Bus Authority has already made strides to consolidate the important backside of the operation. The purchase of the Route Match software will help increase service efficiency. Under a consolidated system all demand response services in the region must operate one software with all vehicles being connected via mobile data terminals (MDTs). The Route

System may be licensed to all service providers throughout the region by the CTO and the CTO should purchase MDTs for all vehicles that are in service to the agency.

The next step in the coordination process will establish one regional call center for the handling of service requests. This call center will offer an area-wide toll free number for eligible riders but the center will emphasize 'online' booking so that the Route Match system can develop daily trip manifests from web-based service requests.

Another important step is for the regional demand response services to be branded for ready identification by riders and the general public. This means that all vehicles that will be used in the service will be required to have a consolidated regional transit agency logo prominently affixed to the vehicle. This is a security matter because riders will know beyond a doubt that they are getting into the right vehicle and for the non-riding but tax paying public will be able to identify an essential service that is being provided by the new agency.

The consolidated agency would be well served to form an Advisory Committee to assist the agency in implementing improvement to the consolidated paratransit service program and to complete annual performance reviews of the program.

Estimated Cost of Service by Phase

A typical analysis of transit system fixed route service costs is a three-part model:

- Part 1 - certain costs are directly related to the number of hours operated (e.g., driver wages and fringes), others are more appropriately assigned to mileage (e.g., fuel, tires, maintenance).
- Part 2 - some of these costs are directly variable (drivers, fuel, preventative maintenance), while others are step functions (street supervision, certain maintenance costs)
- Part 3 - general administrative overhead, which is also generally a step function. Classically, this cost element is allocated to the number of peak hour buses operated

The most appropriate approach for this plan to determine a functional ranged estimate of the four phases of operations for the CTO is to amalgamate the costs of the three systems, developing a range that could be reasonable for a consolidated system.

Exhibit 5 presents a range of costs for each phase based on a \$100 and \$110 per hour operating cost range in 2009 dollars. In Exhibit 5 estimated cost ranges are provided for each phase. Also provided are the estimated aggregate costs as each phase "comes on-line" and elements of the system expand.

Exhibit 5

Service Phase Costs and Cumulative Costs (2009 dollars)

(x 1,000,000)

	Annualized Operating Costs	
	\$100/hr.	\$110/hr.
Phase 1		
Consolidation Only	\$10.7	\$11.7
Phase 2 Costs Only	\$0.58	\$0.64
Extended Hours		
Ph 1 + Ph 2	\$11.2	\$12.4
Phase 3		
Add Regional Routes		
Phase 3 Costs Only	\$11.3	\$12.4
Ph 1 + Ph 2 + Ph 3	\$22.5	\$24.8
Phase 4		
Add Community Routes		
Phase 4 Costs Only	\$2.5	\$2.8
Ph 1 + Ph 2 + Ph 3 + Ph 4	\$25.1	\$27.6

Ridership Projections

Timing and Staging

The projections of how many riders would use the new regional system are directly proportional to various activities related to the provision of the service. Those activities include but aren't

necessarily limited to:

- Where and when the service is provided
- How the service connects trip origins and destinations
- Marketing of the route and service
- Partnerships with employers and other entities such as Purdue Calumet

The phases described above would be introduced over time. Phases I and 2 should happen with concurrent with the consolidation to make the currently operated systems more attractive to riders who own automobiles and have other options. These riders are known as “choice” riders. The time frame for implementing Phases I and II is roughly 1 to 3 years.

Phases 3 and 4 would be undertaken after consolidation has taken place and all the issues associated with it have been worked out, along with a comprehensive operations analysis (COA). Those alternatives would be implemented with the most robust and mature planning, marketing and partnership efforts with the business community, employers and other entities in the region. This is likely to happen 5 to 7 years after consolidation.

Ridership Methodology

The Northwest Indiana Metropolitan Planning Organization (MPO) – the Northwest Indiana Regional Planning Commission (NIRPC) maintains a region-wide travel demand model. This model is largely used for conformity analysis and related planning purposes. At this time, we are not confident in the model's usage as a platform to do transit-related travel forecasting, especially at a route level and especially with the East Chicago system being fare free. Therefore, another methodology was chosen as the “projection” platform and the MPO level data from the origin and destination analysis was used as a “check” for that method.

The methodology that was used to develop the “ridership projections” is based on a gross level estimate of riders for a system that is envisioned to be vastly different from the one or ones that is/are in place now. Thus it is a placeholder to compare phases and levels of investment and is

expressed as a range of potential riders to the system knowing how it can and should be operated in the future. Care should be taken when examining the range of riders as this “projection” is not derived from a modeling exercise nor is it based on work that is typically done for a new transit service initiative. More importantly, this is a range of expected riders and should be looked at in a comparison perspective to current volumes.

The relationship used is the one that exists mathematically between the reported annualized number of hours of service provided and the reported number of annualized riders. This data was derived from the National Transit Database (NTD) maintained by the Federal Transit Administration (FTA) for the years 2003 – 2008. The data shows an estimated relationship of roughly between 11 to 15 riders per hour of service. However, based on our experience with similar systems and knowing the limitations of the socioeconomic drivers in the region, and the likelihood of pertinent changes in the future, our estimate of 11 to 12 riders per hours is probably more realistic. This relationship is a snapshot of those years and represents as mentioned before a “mathematical” relationship rather than a “modeling” or “projection” relationship which is typically developed with much more data and analysis. Nevertheless, it is important to establish some sort of expectation as to how many “users” could be expected for the regional system given the characteristics detailed previously, what the existing ridership levels are today – 900,000 annually, and all the parameters and capabilities of the envisioned regional system. With all the caveats in mind, the estimated number of annual riders is shown in Exhibit 6:

Exhibit 6

Estimated Annual Ridership

	Conservative Estimate	Aggressive Estimate
2008 Ridership	.9 million	
Phase 1	1.1 million	1.3 million
Phase 2	1.2 million	1.4 million
Phase 3	2.4 million	2.9 million
Phase 4	2.7 million	3.2 million

The existing situation does not lend itself well to traditional demand modeling. In addition to the issues cited in our discussion of NIRPC's model, recent history plays a part. Recent decreases in service frequency, and days of service, created a drop in ridership greater than the amount of service eliminated (due to the elasticity of demand). The reverse application of this elasticity

appears in the increases in ridership and perhaps to some extent in efficiency measures associated with increased service on Regional Routes 12 and 17. We anticipate that increased frequency and directness would also increase ridership, using the elasticity experienced by other systems (TCRP 95, chapter 9). However, we cannot quantify such an increase.

While we anticipate increased ridership and system use by a greater proportion of residents, as a result of other intangibles, the cyclical nature of the economy and its continued downturn may also influence demand and actual ridership. The synergies developed as the three systems consolidate; the increased access and reduced travel time(s) to major demand generators, ridership increases associated only with improving reliability, ridership increases resulting from increased visibility and marketing - all have the potential to increase utilization, despite the economic conditions. One of the systems, Hammond Transit, experienced these increases as it focused on marketing, and then lost riders as service levels and reliability decreased. Again, we cannot quantify such increases. While it would be disingenuous to do so, we would also be remiss if we did not point out such intangibles and the relationship of them to the local and national economies.

Operations and Maintenance Facility Requirements

Combined maintenance at a single location is operationally more efficient, particularly when the estimated maximum fleet size is taken into account. A single maintenance facility allows for economies-of-scale for specialized equipment needed for daily maintenance, periodic preventative maintenance, and mid-life or other heavy overhauls of the vehicles.

An initial analysis of the needs of a combined facility and an examination of a suitable location that would serve the three current systems and their combined fleets was performed. An examination of the three current operations and maintenance facilities was considered along with other warehouse type facilities and former car dealer sites in the immediate area were considered for purchase or lease. A more thorough examination of the location(s) and the costs of running vehicles to and from the central facility balanced against the maintenance savings were not performed. Such an analysis would need to be part of a more robust examination in the future.

Fleet Size

The first step in determining what would be the correct maintenance facility size is estimating the size fleet that would need to be accommodated. The minimum facility would have to accommodate the current combined fleet of the three existing. The total current fleet size of

forty-four (44) vehicles was determined to be the minimum fleet size necessary for developing the combined facility. A desire for growth potential to allow expanded service and the ability to absorb other systems into the facility and operation in the years to come led to planning for a future fleet size of 75 buses as the maximum fleet that would be housed in this facility.

Facility Size

The next step was to determine the size requirements of a facility which would be capable of accommodating this fleet not only in terms of acreage required, but also the type and amount of area required in the building that would house the facility. Several factors that would help determine this size such as fleet mix, type of work being performed, and industry standards for facilities of this type were examined. The Space Needs Program presented on the following pages further defines what would need to be included in this facility summary.

Preliminary Space Program

The program includes the following information for each space:

Space Name: A description of the space:

[E] = Enclosed [C] = Canopy Covered [A] = Alcove
[O] = Open Office [X] = Outdoor

Base: Base (quantity and space) represents the area required to accommodate the projected fleet size shown. Both 75 bus (future) and 44 bus (current) areas are shown

Quantity: Identifies the number of spaces to be accommodated

Space: Lists the space allocated for a given function in square feet. Where a space standard is provided, the space equals the quantity times the space standard

The detailed space assessment worksheets are provided in Appendix C.

Facilities Reviewed

After reviewing of all the available options to accommodate the needs of the combined operations, its current fleet size and for expansion, Parsons Brinckerhoff recommends that the GPTC facility be selected as the combined Operations and Maintenance facility. The costs for making this facility ready for combined Operations and Maintenance of transit vehicles are relatively low because it is already being used for bus maintenance purposes. While the facility

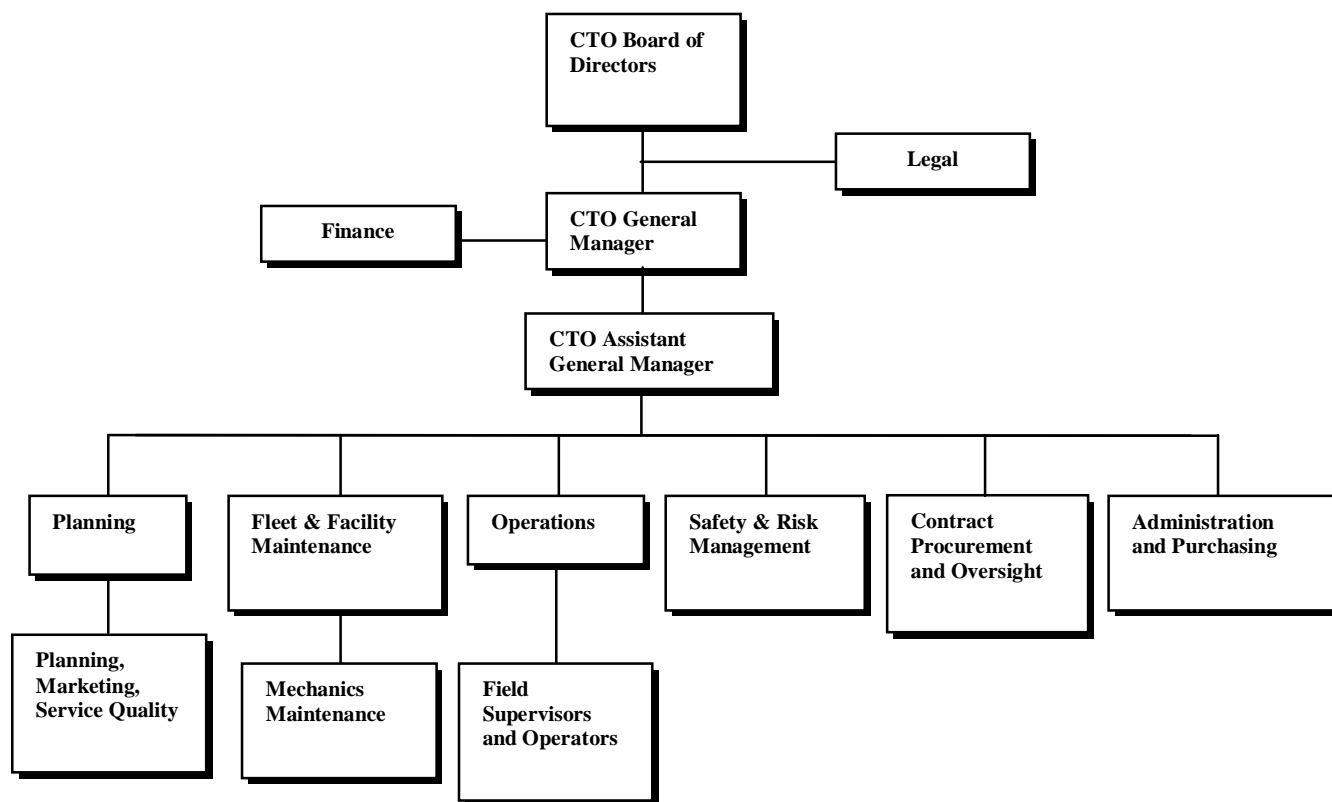
is in need of substantial renovations, the basic design of the facility is sound for the intended purposes of combined transit maintenance. The facility capacity is capable of accommodating the designed fleet size and even has space on-site to expand in the future, if needed. The renovations needed could be completed while the facility is in operation. The facility was designed to accommodate a much larger fleet than the forty-four vehicles that it would be accommodating in the initial stages. The other existing transit properties are not adequately sized to accommodate the expected number of vehicles. The warehouse and retail properties would require extensive renovations to convert them into an operations and maintenance facility for transit.

Chapter 5 – Recommended Organizational Model

Governance and management of the Regional System should be as simple as possible. The organizational structure should be designed such that operating, maintenance, and administrative costs for the services are easily estimated and controlled. The organization should allow for flexibility over the life of the service(s) and should play a key role in achieving the overarching goal of the consolidation of transit services to provide service of expanding utility and value that preserves local transit needs. Parsons Brinckerhoff recommends a horizontal functional organization arrangement that reflects functional areas necessary to efficiently manage and operate. This proposed organization is illustrated in Exhibit 7.

Exhibit 7

Recommended Functional Organizational Model



The CTO organization consists of a Board of Directors, senior staff, and 6 functional areas reflecting the responsibilities and authorities of the CTO as would be defined in the Memorandum of Understanding (MOU).

Board of Directors

The Board should consist of 10 to 12 members. They would be appointed by the jurisdictions they will represent. The Board will most likely establish standing committees and a number of advisory committees as part of its decision-making process. The advisory committees make recommendations to the standing committees, and the standing committees, which consist solely of Board members make recommendations to the full Board of Directors. An Advisory committee of employers should be established as an effective tool to inform the board about the utility of existing services as they relate to accessing the employment base and accessing the work sites when needed and with acceptable travel times.

Earlier in this Plan a recommendation was made to establish a Citizens' Advisory Committee (CAC). The CTO General Manager will establish a Citizen's Transit Service Advisory Committee through an application and interview process. The CAC would consist of approximately nine to twelve representatives tasked with focusing on the array of transit service now provided or intended to be provided. Members would serve a multi-year term. The CAC is valuable in identifying areas where transit improvement should be considered and also identify enhancements to existing service. The Citizen's Transit Service Advisory Committee can also serve as a "lay" sounding board when fine tuning planned service changes.

Additionally, the Advisory Committee, based on national experience with similar committees would become a strong vocal transit advocate and ally in the Indiana Legislature. Overall, the CAC is the "reality check" for the Board of Directors and CTO management regarding service performance and future service plans.

General Manager

The General Manager is responsible for day-to-day management duties of the Consolidated Transportation Operator and reports directly to the Board of Directors. With the exception of the Board's General Counsel, all CTO staff report to the General Manager, including the Director of Finance. The CTO is divided into six functional areas or divisions. The following briefly describes each division's primary functions. In this model, the General Manager functions as the Chief Executive Officer.

Assistant General Manager

The Assistant General Manager (AGM) function assumes the duties of the Chief Operating Officer of the CTO. The AGM is responsible for the performance oversight of the CTO

organization, including the provision of service, and is the formal conduit between the functional area managers and the General Manager.

Finance

This function involves preparation of the annual funding plan, budget preparation, and management and accounting controls for CTO funds, expenditures, revenues, and assets. This position reports to the General Manager on financial performance and budget status.

Operations

The Operations Division is responsible for delivering safe courteous and reliable service to the market base. The Division consists of fleet supervision, driver training, and bus operations. Bus operators will most likely be performed by union labor.

Administration and Procurement

This Division administers CTO's personnel system, employee training and related programs and protective / security services. The second responsibility is the ongoing activity of procuring equipment and materials supporting transit maintenance as well as material required to support administration.

Planning

Conducts transit related planning, evaluates transit service performance against CTO service standards, plans park and ride facilities and develops major transit capital projects. Their role can also expand to include bus service planning and planning for Transportation Demand Management (TDM) activities.

Fleet and Facility Maintenance (including mechanics and maintenance staff)

Responsibilities directly relate to the repair and preventative maintenance of the bus fleet and repair and preventive maintenance of CTO facilities, including bus shelters and other CTO structures and vehicles. These functions will most likely be performed by union labor.

Safety and Risk Management

This Division performs safety training and provides safety certifications for existing bus operators, mechanics, and facility maintenance employees as well as applicants for operator and mechanic positions. A major responsibility relates to accident avoidance and injuries to passengers, motorists, and pedestrians in order to proactively address a major draw on

operating budgets as a means of reducing operating liabilities expenses.

Contract Employment and Oversight

Responsibilities would include all outsourced service contracts and contractor performance oversight. During the initial months or perhaps first few years of CTO operations, outsourcing will remain at a minimum. However, as the CTO operations mature, baseline data will be established. This will aid in the analysis of expenditures for service provided by private entities and a determination will be made by CTO to either continue providing particular activities and operations using CTO employees or to perform a cost-benefit analysis to determine if outsourcing all or some major and minor activities would maintain performance standards at a lesser cost. The CTO would also perform a risk assessment of each activity considered for outsourcing, as well. Outsourcing recommendations will be presented by the CTO General Manager and reviewed and approved by the Board of Directors. If approval is granted, this Division will prepare the needed documents to solicit the services and they will ultimately be charged with performing contract oversight.

As the level of outsourcing increases, the more the CTO organization transitions towards the Option 2 consolidation arrangement (see Chapter 3). Increased outsourcing enables the CTO to focus on strategic planning of the regional system and to take a "step back" to more methodically assess the system and service provided, and to perform optimization studies aimed at increasing the regional system's operating efficiency, utility and value as well as continually improve the operation's cost efficiencies.

Chapter 6 – Consolidated Transit System Funding and Budget Scenario

Introduction

Maintaining the status quo for Northwest Indiana transit service delivery will result in the eventual erosion of local funding for transit services. As these transit systems shrink in size and geographic coverage due to funding issues, and service areas defined by jurisdictional borders, the critical mass necessary to offer transit service that is viable and provides utility will continue its downward spiral. Now, more than ever, is the time that Northwest Indiana must recognize that residents and businesses will benefit from the continued operation of a consolidated and coordinated transit system. The need is immediate to develop a regional public bus system that merits support to combine local funding sources and funding from the state and Federal governments; perhaps with a dedicated local funding source.

This section provides some details of the fiscal environment the three systems are currently experiencing, the levels of expenditures needed for operating the CTO under various level-of-types-of-service arrangements in the future, some details about funding levels with and without a dedicated local or regional revenue source. It also addresses the need for transit consolidation. This is not intended to be a detailed financial analysis of the systems or a pro-forma, nor is it a detailed projection of needed operating or capital funds in terms of expenditure dollars during consolidation. There are simply too many unknowns and variables at this time to perform that level of analysis. Rather it is a higher level overview of the overall financial impacts of consolidating the systems into a regional operation that is capable of being sustained over the next decade.

Description of Existing Transit Funding Environment

This section addresses the funding levels that each of the three transit agencies considered for consolidation received from various funding sources during the most recent full operating year data was available - 2008. This provides a recent snap-shot of funding. It does not reflect the recent and existing fiscal crisis each transit agency now faces which is rather dire given the economic downturn that is affecting the nation and the recent property tax reductions mandated on local governments. However, it does offer a look at what is happening with the funding of each system as is has taken place in the first six months of 2009.

The funding situation for transit in Northwest Indiana is dire. Overall the amount of money available to fund transit has been decreasing, while costs to run the systems have been increasing. This has left gaps and shortfalls in funding. For instance, Gary has a significant budget shortfall and most recently was expecting to layoff staff and cut routes and hours of service (June 2009) due to shortages in revenue and delays in receiving state funding.

Likewise, Hammond has added an additional \$400,000 to its system in May 2009 to keep it operating through the end of calendar year 2009. No commitment is made for 2010, at this time.

Through the course of developing the Consolidation Plan, it has become clear that current funding levels are insufficient to operate a system that caters to a ridership primarily comprised of transit dependent riders. Any new system will need more and expanded revenues and sources to capture “choice riders” – those that voluntarily choose to ride transit and have the option to using other travel modes. This new market-driven approach to expand transit to “choice riders” should not come at the expense of existing riders, however.

This section includes a discussion of funding methods and opportunities that would be available to the CTO and system that could be applied to the revenue stream to either reduce the local and state annual transit budgets and/or be retained by the transit system and used as supplemental revenue to improve and increase transit services throughout the consolidated service area.

Currently, the three fixed route operators receive funding from a variety of sources. The Gary Public Transportation Corporation (GPTC) receives a mixture of funding and it is the only transit agency within Northwest Indiana with a dedicated source of revenue.

GPTC, with a total annual operating budget of \$8 million (2008) receives its funding from a variety of sources, including:

- Local property tax, levied by GPTC (operating and capital) – 26%
- State Public Mass Transportation Funding (PMTF), formula distribution. The source of these state funds is Sales Tax revenues, (operating only) – 19%
- Federal funding from the Federal Transit Administration (FTA), (capital, preventive maintenance and no operating) – 36% (Note: GPTC is a FTA Designated Recipient)
- Passenger Fares, approximately 12%

Hammond Transit also relies upon diverse funding sources. Their total operating budget for 2008 was just over \$2,500,000. This transit system relies on assistance from local government for its funding, including:

- City General Fund (operating and capital) – 32%
- State PMTF, formula distribution. The source of these state funds is Sales Tax revenues, (operating only) – 27%

- Federal funds from the Federal Transit Administration, (Capital, Capital Cost of Contracting in lieu of Preventive Maintenance ... No Operating) – 31% (Note: Hammond’s FTA funding is administered by the Northwestern Indiana Regional Planning Commission, NIRPC, which is a FTA Designated Recipient)
- Passenger Fares, approximately 10%
- Contract / other revenue is not a factor in Hammond

East Chicago Transit (ECT) is similar to Hammond. The percentage of local funding to support operations is much greater than Hammond. Unlike the GPTC and Hammond Transit, ETC operates a “free fare” transit service. ECT with a total 2008 budget of approximately \$1.3 million receives its funding from a variety of sources, including:

- City General Fund (operating and capital) – 50%
- State PMTF, formula distribution. The source of these state funds is Sales Tax revenues, (operating only) – 23%
- Federal funding from the Federal Transit Administration, (capital, capital cost of contracting in lieu of preventive maintenance, and no operating) – 26% (Note: East Chicago’s FTA funding is administered by the Northwestern Indiana Regional Planning Commission, NIRPC, which is the FTA Designated Recipient)
- Contract / other revenue – leases, advertising, charter services, etc. – 1%

The total amount of funding for all three systems in 2008 was approximately \$12 million. Funding sources comprising this level of funding are summarized, as follows:

- Fares - approximately 10% or \$1.2 million
- Contract and other revenue - 5% or \$0.6 million
- Taxes and local assistance - 30% or \$3.6 million
- State assistance - 21% or \$2.5 million.
- Federal assistance was 34% or approximately \$4.1 million

Proposed Funding Methods, Consolidated Transportation Operator

Currently, GPTC levies a property tax. Hammond and East Chicago use their respective General Funds at the City level to support their bus operations. Ultimately, one source of local funds for these two cities is also property taxes. While GPTC is a state-chartered corporation,

Hammond Transit and East Chicago Transit are City Departments. The current transit funding crisis, the present and proposed service reductions, can both be partially traced to the reduction in the amount and availability of these funds, especially the property taxes. Hammond has already had to reduce transit services, cutting Saturday services all together, and has even discussed total elimination of its bus service. In June 2009, GPTC instituted a substantial reduction in services, with associated layoffs of staff.

The CTO would be funded, in part, with a mixture of funds for both operating and capital expenses similar to what already exists. In the case of East Chicago, the current “free” system, the CTO and the City of East Chicago would most likely be required to agree to a fare or payment structure, where the City’s residents would be responsible for paying a fare outright, or the City reimburse the CTO for the amount of services used by its citizens. In any case, the concept of a “free” system would need to cease functionally and financially. Fares are a source of revenue and a way to ensure that users have a “stake” in the operations.

The Federal Transit Administration funds are allocated to the region, based on a formula. That would likely continue. Whether or not the CTO could become the Designated Recipient along with NIRPC and/or the GPTC, or if the CTO replaces the existing two Designated Recipients; remains to be worked out. It is nevertheless desired that the CTO become the designated recipient. This would allow for a single entity in the region to be the custodian for the use of Federal Transit funds.

In the past, the FTA has been somewhat reluctant to transfer the responsibilities of the Designated Recipient away from the existing agencies without the guarantee of a dedicated source of transit funding. In any case, the continued need and receipt of Federal funds in the region is evident. The on-going discussions of the Designated Recipient with and among the FTA, the CTO, NIRPC, RBA, GPTC, and the Indiana Department of Transportation (INDOT), as well as other stakeholders is a key activity that must be pursued and resolved.

State mass transportation funding consists of sales tax revenues, redistributed throughout the State of Indiana on a formula basis based on ridership and level of service provided. This money can only be used for operating expenses. At this time, there is no basis to predict any changes in the amount, or type of funding from this source. Suffice to say that expenditures at the state level face tough competition, as there are more statewide needs than there are statewide funds available and growing transit providers get proportionately larger shares over time. This type of allocation is foreseen to be needed and to continue in the future. Without statewide funding, a disproportionate burden is placed on other already constrained sources. Constraints on East Chicago’s budget are creating serious service delivery and service quality issues.

Regarding local funding, the current funding structure does not identify an agency that can collect, administer, and utilize local funding to provide transit services throughout the region. Under consolidation, the CTO would be the preferred recipient of state and local funds. .

Revenue from fares, Federal assistance, State assistance, and local assistance is warranted. However, the key to continuing operations in Gary, Hammond and East Chicago, and expanding service into the rest of Northwest Indiana, relies on establishing a mechanism for augmenting all these funds at a minimum.

The existing revenue streams, without a dedicated funding source may be sufficient of sustaining operations in Phases 1 and 2 (see Table 5). With a dedicated source, some aspects of Phase 3 would be possible. However, a funding gap would remain unless revenue allocated to transit substantially increases to enable implementation of the remaining service attributes of Phase 3 and enable implementation of all of Phase 4.

Securing a Dedicated Funding Source

The advantage of a regional system is its ability to speak with “one voice” for transit regarding funding issues and any new funding mechanism, including the proposed food and beverage tax. It will also have the ability to benefit from economies-of-scale in operations; perhaps realizing a savings of \$250,000 - \$500,000 a year. Parsons Brinckerhoff recommends that any cost savings should be reinvested to bolster transit operations. After Federal and state assistance is used to support new regional services, local funding would be required to support the remaining local burden absent the provision of a dedicated funding source that would generate necessary revenue. This burden can be augmented and perhaps someday supplanted by a dedicated source.

Even with this added revenue stream, local and secure dedicated funding is pivotal to obtaining increased state and federal funding. The inability of regional bodies such as NIRPC or the RDA to provide operating funds underscores the criticality for new dedicated funding. Local budgeting of operating funding and the mechanism to generate required annual operating funding is a challenge – one that is getting harder as each month passes.

The type of dedicated funding source is not as important as having the source itself. Sources of dedicated transit taxes used elsewhere in the nation include income tax, wheel tax, gas tax, sales tax, excise tax, pollution tax, implementation of a tax increment finance (TIF) district, etc. Each of these examples have their own set of issues related to political support, equity, amount of funding they can generate, etc.

With or without a dedicated source of funds, there needs to be a mechanism to allocate costs based on an equitable provision of transit service within each jurisdiction. As part of the consolidation Memorandum of Understanding, the cooperating local jurisdictions will define and formally agree upon a formula for local funding relative to the amount of transit service each receives.

Depending on the level of services operated under the various phases, and the availability or not of a dedicated revenue source, the share of revenues is as follows (Exhibit 8 and 9): (dollars are expressed in 2009 dollars and are in the millions)

Exhibit 8

Shares of Revenue with a Dedicated Source

Phase	F&B Taxes	Fares Low	Fares High	Other Revenue Low	Other Revenue High	Low Local	High Local	Low State	High State	Low Federal	High Federal	Total Low	Total High
1	\$6.0	\$0.47	\$0.58	\$0.22	\$0.27	\$1.4	\$1.7	\$0.99	\$1.2	\$1.6	\$1.9	\$10.7	\$11.7
2	\$6.0	\$0.53	\$0.65	\$0.24	\$0.30	\$1.5	\$1.9	\$1.1	\$1.3	\$1.7	\$2.1	\$11.2	\$12.4
3	\$6.0	\$1.6	\$1.9	\$0.78	\$0.88	\$4.9	\$5.6	\$3.5	\$3.9	\$5.6	\$6.4	\$22.5	\$24.8
4	\$6.0	\$1.9	\$2.1	\$0.89	\$1.0	\$5.7	\$6.4	\$4	\$4.6	\$6.5	\$7.3	\$25.1	\$27.6

Without a dedicated revenue source, the pressure for funding migrates to other sources as depicted in Exhibit 9.

Exhibit 9

Shares of Revenue without Dedicated Source

Phase	F&B Taxes	Fares Low	Fares High	Other Revenue Low	Other Revenue High	Low Local	High Local	Low State	High State	Low Federal	High Federal	Total Low	Total High
1	\$0	\$1.0	\$1.1	\$0.50	\$0.55	\$3.2	\$3.5	\$2.2	\$2.4	\$3.7	\$4.0	\$10.7	\$11.7
2	\$0	\$1.1	\$1.2	\$0.52	\$0.58	\$3.3	\$3.7	\$2.3	\$2.6	\$3.8	\$4.3	\$11.2	\$12.4
3	\$0	\$2.2	\$2.5	\$1.0	\$1.1	\$6.7	\$7.4	\$4.7	\$5.2	\$7.7	\$8.5	\$22.5	\$24.8
4	\$0	\$2.5	\$2.8	\$1.1	\$1.2	\$7.5	\$8.2	\$5.3	\$5.8	\$8.5	\$9.4	\$25.1	\$27.6

Farebox recovery would be in the 3% to 10% range at a minimum to be sustainable. It is currently 10%. If the farebox is better in terms of recover, the proportion of local revenues may be adjusted. Also, the contract and other revenues are expected to be a larger percentage of operating revenue under the CTO.

Other sources of revenue include Federal sources such as FTA Small Starts allocations, discretionary funding, and earmarks. Competition is keen though for these types of sources and they rely on champions and advocates at many levels.

Supplemental Annual Revenue Approaches: Transit Advertising, Bus Shelter and Street Furniture and Sponsorships

Following consolidation, and once the CTO is fully functional, it should consider evaluating and implementing other programs to enhance the image of transit and generate incremental revenues.

The consolidation of transit services in Northwest Indiana offers an opportunity to raise the awareness and viability of transit in the region and for the CTO to reap the financial benefit of becoming an ‘ever present’ marketing presence.

Program Elements

Many transit agencies in the United States have benefited from aggressive efforts to increase their revenue from transit, bus stop shelter, street furniture and outdoor advertising. In recent years sponsorship programs for transportation agencies that have yielded hundreds of

thousands of dollars in supplemental revenues. The consolidation of the transportation services in Northwest Indiana provides the opportunity to combine the advertising inventories of the three existing.

Each of the existing transit agencies utilizes some form of advertising currently on their vehicles. However the reach of other advertising mediums limited such as bus stop shelters with advertising is limited, despite the fact that the marketplace can support more. Street furniture has never been attempted in the region although there are certain office parks, shopping malls, downtowns and schools that exist and could sustain these advertising elements.

Estimated Revenue

Based upon our team's experience in establishing similar programs, we suggest that a consolidated transit system brings with it the capacity to generate a reasonable level of supplemental revenue through various advertising approaches common to the transit industry.

Exhibit 10 provides an estimate of supplemental revenue derived from several forms of transit-related advertising.

Exhibit 10

Possible Additional Transit Revenues

Transit Advertising	\$50,000 to \$100,000
Outdoor Advertising	\$25,000 to \$50,000
Street Furniture	\$30,000 to \$50,000
Sponsorships	\$25,000 to \$50,000
Estimated Total	\$130,000 to \$250,000

Revenue estimates are based on existing assets as well as the development of new assets especially shelters. Sponsorships could yield more if the agency sold them directly to advertiser/sponsors. The benefit of consolidating the inventories is that there would be enough value to interest national firms to sell and manage the assets to maximize revenues and long term value.

Chapter 7 – Implementation and Next Steps

Implementation Plan and Schedule

Consolidation of transit services in Northwest Indiana will contribute to the long-term viability of these services and to improving mobility for all the residents of the region. It is necessary for the region to rally around this implementation plan and to support the consolidation by the aggressive schedule that is proposed.

Only with the genuine support of elected officials, the men and women that provide the existing transit services and the riders of these services will this plan be successful. The plan will make transit service in Northwest Indiana better positioned to handle the challenges of meeting the publics' need for an attractive alternative to the automobile that will greatly improve the viability of the service for those who ride these services and those who do not ride them but support them with their tax dollars.

Consolidation of any organization is a serious task. Consolidating transit services is difficult because hundreds of employees and thousands of riders will be impacted by the organizational changes about to take place. This was taken into sincere consideration in the development of the plan. The plan that follows describes in detail every task that must be completed to achieve the consolidation of all transportation services under the control of one organization. The implementation plan and schedule (Exhibit 11) was developed upon four principles which successfully led the consolidation of other transportation agencies:

Predictability - The detail of the implementation plan provides as much specificity as possible as what will happen and when it will happen. The more those directly involved in the consolidation know, the more the uncertainty is removed.

Understanding - With the supporting Consolidation Plan, the Implementation Plan and companion schedule explains why the consolidation is necessary and how it will be achieved.

Control - The consolidation can only be achieved by controlling the process through a plan and schedule. With both documents, it is made clear as to who is responsible for the accomplishment of key tasks.

Compassion - The plan was drafted by transportation professionals who have undergone consolidations at their own agencies, so they have a first hand understanding of what those

impacted by the changes will have to deal with over the upcoming months. Every effort was made to minimize the impact upon employees of the existing systems and the riders of these services however, with consolidation, there will be sacrifice.

There is not a more appropriate time to implement the consolidation. The existing transit agencies are suffering through painful reductions in funding that are being felt by riders in less service on the street. At the same time, there are new initiatives in Washington and Indianapolis to improve public transportation as an important method to stimulate our economy. The consolidation is in keeping with the proposals of the Federal government to provide effective and efficient services. This consolidation plan will revolutionize the way people will move around Northwest Indiana and will finally put an end to the dysfunctional ways by which transit services are designed, delivered and funded.

APPENDICES

Appendix A: The Impact of Shutting Down Transit Services in Northwest Indiana

Appendix B: Ten Reasons Why Transit Service is Important to Northwest Indiana

Appendix C: Preliminary Space Program Assessment Data

APPENDIX A

The Impact of Shutting Down Transit Services in Northwest Indiana

The risks associated with doing nothing / maintaining the status quo is very risky politically and places the most vulnerable citizens of the region in an untenable position – without needed transit services. Although some of them would eventually be provided transportation services by Medicare / Medicaid and other social welfare and/or entitlement programs, the costs of these “entitled transportation” services far outstrip the ones of the existing services. The costs of a Medicare / Medicaid trip is probably 2 to 3 times MORE than a regular transit trip. The lack of transit services would also displace others who depend on transit to get to work, to go shopping, to go to school, or go to activities. The loss of the ability to travel degrades the overall quality of life for individuals who depend on transit and places a larger burden on the informal and formal network of family members, friends, churches and other social institutions who will try and fill the “gap” left by transit.

The picture of failure paints with a broad brush and the “phoenix scenario” of resurrecting the most basic of transit services from the ashes of the former systems once they go out of business will be more costly than the forward looking option of Consolidation, if it takes place at all.

The existing vehicles and other transit infrastructure would likely be lost. This represents an investment in millions of dollars. Also, it is highly unlikely that the transit services would be resurrected in the future with Federal investment. The Federal Transit Administration (FTA) and the Indiana Department of Transportation (INDOT) would require significant changes and assurances that things are / would be different in the future. They would likely set the bar very high in terms of public support and dedicated funding levels. Also, it may turn out that the funds slated for Northwest Indiana might be allocated to other system and may not ever be made available. Thus, if the three systems were to fail, it is a distinct possibility that the services may be lost for good.

The shut down of the three-fixed route systems would displace upwards of 150 part-time and full-time workers. This would result in the loss over \$10 M in direct investment in transit and the potential loss of upwards of \$50 - \$70 M annually due to lost secondary and indirect spending in the region (assuming each dollar invested in transit turns over approximately 5 to 7 times).

APPENDIX B

Ten Reasons Why Transit Service is Important to Northwest Indiana

1. Transit Reduces Traffic Congestion - Even in small towns and rural areas people are experiencing traffic congestion. Every day people in Northwest Indiana waste time stuck in traffic. The public still loves their cars, its everyone else's that they hate! A study by the Texas Transportation Institute proved that congestion grows at half the rate in cities with well-established transit services than those without any form of public transit.
2. Transit Saves Families Money - The cost of transportation is one of the top five expenses in every household in the nation. Some economically disadvantaged families spend as much as 50% of their household incomes on owning, insuring, maintaining and operating an auto. An average family spends \$8,000 annually on automobile transportation while the average cost of monthly bus pass for an individual rider is just \$800 annually.
3. Having A Viable Public Transit System Keeps A Region Economically Competitive - Employers, especially those in the service and manufacturing industries want employees to have access to attractive alternatives to the automobile. Those regions of the nation that have invested in their transit systems (Charlotte, Salt Lake City, Portland, Seattle, Las Vegas, etc.) have seen their economies grow.
4. Transit Services Open Employment Opportunities - Providing mobility to the unemployed and underemployed expands job opportunities. Paratransit services allow those who are mobility challenged to work and live rewarding lives. Those regions with extensive networks of transit services tend to have lower rates of unemployment and larger workforces.
5. An Investment In Transit Pays A Strong Return - The American Public Transportation Association commissioned a study that proved that every \$1 invested in transit returns \$6 in economic activity from increased retail activity, higher property values and more jobs.

6. Higher Property Values - Every city, every region with an effective public transit system has experienced increased property values near rail stations, park-and-ride lots and major bus stops. In Seattle, houses near the bus and rail lines have values that are 25% higher than those homes with no transit service.
7. Transit Strengthens City, Town and Village Retail Activities -With transit service, riders are able to walk to their favorite businesses. The existence of transit service has sustained small town retail centers in places like New Jersey while transit service has been the reason for the reemergence of walkable retail centers in cities as large as Dallas.
8. Transit Is Cheaper Than Building And Maintaining Roads - A freeway lane can carry 1,800 cars per hour or about 2,200 people. A single rail line can comfortably carry 8,600 to 16,500 riders per hours. The New York State Department of Transportation estimated that one new lane added to an existing interstate highway costs the agency about \$250 million per lane mile but rail service costs the department only \$18 million per mile.
9. Our Aging Population Needs A Safe Transportation Alternative - The population of Northwest Indiana and the nation is graying. It is necessary to continue to offer mobility to seniors and the mobility challenged.
10. Transit Reduces Pollution And Improves The Quality of Life - Getting people out of their cars and onto buses reduces greenhouse gas emissions. Offering a safe, convenient and economical alternative to the automobile has proven to improve the quality of life by making commuting simpler.

APPENDIX C

Preliminary Space Program Assessment Data

**PRELIMINARY
SPACE PROGRAM**

[E] = Enclosed, [O] = Open/Workstation,
[A] = Alcove, [C] = Canopy covered,
[X] = Outdoors (exterior)

12-year Buses	50	37
7-year Buses		
5-year Buses	25	7
Other		
Total Agency Vehicles	75	44

Space Name	Remarks	Base		Base	
		Qty	Space	Qty	Space
OPERATIONS					
Administration					
Lobby/Waiting Area [O]	4 people, bulletin boards	1	120	1	120
Reception Counter [O]	Adj. to Clerk	1	100	1	100
Clerk [O]		1	64		
General Manager [E]	Small conference table	1	225	1	225
Operations Manager [E]		1	120	1	120
Finance / Accounting [E]		2	240	1	120
Road Supervisor [E]		2	240	1	120
File Room [E]		1	150	1	150
Training Storage [E]	Adj. to Conference / Training Room	1	100	1	100
Conference / Training Room [E]	20-22 people	1	480	1	480
Copy / Work Room [E]	Fax, copier, cutting board, office supplies	1	150	1	150
Archive Storage [E]	Could be on Mezzanine	1	375	1	220
Men's Restroom [E]	For Office Staff	1	80	1	80
Women's Restroom [E]	For Office Staff	1	80	1	80
Dispatch / Call Center					
Dispatcher [O]		4	256	2	128
Operator [O]		1	64	1	64
Dispatch Counter [O]		1	100	1	100
Schedule / Transfer Storage [E]	Adj. to Dispatch Counter	1	100	1	100
Driver Areas					
Driver's Room [E]	Tables / chairs, TV	1	600	1	352
Vending / Kitchenette [A]	Vending, refrig, microwave, sink	1	120	1	120
Locker Alcove [A]	Adj. to Driver's Room & Restrooms	1	300	1	176
Wellness Room [E]	Weights, treadmills	1	400		
Men's Restroom / Showers [E]	Adj. to Locker Alcove	1	300	1	200
Women's Restroom / Showers [E]	Adj. to Locker Alcove	1	300	1	200
Custodial Room [E]	Adj. to Restrooms	1	100	1	100
Telecommunication Room [E]	Adj. To Operations	1	120	1	120
Mechanical Room [E]		1	200	1	200
Electrical Room [E]		1	100	1	100
			5,584		4,025
			1,675		1,208
	Total Operations		7,259		5,233

Northwest Indiana Transit Consolidation Plan

**PRELIMINARY
SPACE PROGRAM**

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[X] = Outdoors (exterior)

12-year Buses	50	37
7-year Buses		
5-year Buses	25	7
Other		
Total Agency Vehicles	75	44

Space Name	Remarks	Base		Base	
		Qty	Space	Qty	Space
MAINTENANCE					
Office Spaces					
Maintenance Manager [E]		1	120	1	120
Maintenance Planner / Clerk [O]		1	64		
File Storage [O]		1	100	1	100
Copy / Work Room [O]		1	100		
Reference Library [E]		1	200	1	200
Shop Spaces					
Maintenance Bays					
12-year Buses [O] 20 x 60	Lift	5	<i>total</i>	3	<i>total</i>
7-year Buses [O] 20 x 60	Lift	4	4,800	3	3,600
5-year Buses [O] 20 x 45	Lift	2	1,800		
Other [O] 20 x 40	Lift				
Tire / Brake / AC Bay [O] 20 x 60	Lift	2	2,400		
Tire Shop [O]	Adj. to Tire Bay	1	200	1	200
Tire Storage [O]	Adj. to Tire Bay	1	375	1	220
Brake Shop [A]	Bridge Crane	1	200	1	200
Body Shop Bay [E] 30 x 70		1	2,100		
Body Shop [O]	Adj. to Body Shop Bay	1	600		
Paint Booth Bay [E] 30 x 80	In line with Body Shop Bay	1	2,400		
Paint Mix / Storage [E]	Adj. to Paint Booths	1	250		
Common Work Area [A]	Bridge Crane	1	450	1	264
Component Rebuild Shop [A]	Bridge Crane	1	1,000		
Electronics Shop [E]		1	200	1	200
Battery Shop [E]		1	200		
Tool Crib [E]		1	300	1	176
Equipment Storage [O]	Near repair bays	1	400	1	400
Parts Stores					
Parts Counter [O]		1	100	1	100
Shipping & Receiving [O]	Within Parts Storage	1	500	1	500
Bench Stock [A]	Adj. to Maintenance Bays	1	150	1	150
Parts Storage					
12-year Bus Parts Storage [E]		1	1,000	1	740
7-year Bus Parts Storage [E]					
5-year Bus Parts Storage [E]		1	250	1	70
Other Vehicles Parts Storage [E]					
Lube / Compressor Room [E]	6 lubricants	1	400	1	400
Support Spaces					
Maintenance Lunchroom [E]		1	300		
Vending / Kitchenette [O]	Adj. to Maintenance Lunchroom	1	120		
Men's Restroom / Shower / Lockers [E]		1	450		
Women's Restroom / Shower / Lockers [E]		1	200		
Custodial Room [E]	Adj. to Restrooms	1	120		
Mechanical Room [E]		1	200	1	200
Electrical Room [E]		1	100	1	100
			22,149		7,940
			4,430		1,588
Total Maintenance			26,579		9,528

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7-year Buses				
5-year Buses	25		7	
Other				
Total Agency Vehicles	75		44	

Space Name	Remarks	Base		Base	
		Qty	Space	Qty	Space
FUEL / WASH / SERVICE					
Office [E]	Shared office	1	100	1	100
Diesel Fueling Position [C] 20 x 55	Incl. Fueling, Vault Pull, Vacuum, Lube	2	2,200	2	2,200
Vault Pull Room [E]	Adj. to Fuel Lanes	1	150	1	150
Lube / Compressor Room [E]	Could be combined with Maintenance	1	300	1	300
Wash					
Automatic Bus Washer [E] 20 x 80	Drive-thru or Roll-over	1	1,600	1	1,600
Water Reclaim [E]	Only required for Drive-thru	1	400	1	400
Steam Clean Bay [E] 20 x 60	Lift	1	1,200	1	1,200
Steam Clean Equipment [E]	Adj. to Steam Clean Bay	1	100	1	100
Bus Detail Lane [E] 20 x 55		1	1,100	1	1,100
Vacuum Equipment Room [E]	Adj. to Bus Detail & Fuel	1	100	1	100
Storage Room [E]		1	100	1	100
Mechanical Room [E]		1	120	1	120
Electrical Room [E]		1	80	1	80
			7,550		7,550
			1,510		1,510
Total Fuel / Wash / Service			9,060		9,060

OTHER BUILDING AREAS					
Emergency Generator [E]		1	200	1	200
Salt / Sand Storage [A]		1	200	1	200
Yard Maintenance Storage [E]		1	200	1	200
Facilities / Bus Stop Maintenance Shop [E]		1	400		
			1,000		600
			200		120
Total Other Building Areas			1,200		720

ENCL. AGENCY VEHICLE PARKING					
12-year Buses [O] 12 x 45		50	27,000	37	19,980
7-year Buses [O] 12 x 40					
5-year Buses [O] 12 x 30		25	9,000	7	2,520
Other [O] 12 x 25					
			36,000		22,500
			3,600		2,250
Total Encl. Agency Vehicle Parking			39,600		24,750

EMPLOYEE / VISITOR PARKING					
Employee Parking					
Operations [X] 10 x 20	+ H/C spaces per code	75	15,000	44	8,800
Maintenance [X] 10 x 20	+ H/C spaces per code	8	1,600	4	800
Fuel / Wash / Service [X] 10 x 20	+ H/C spaces per code	3	600	2	400
Visitor Parking [X] 10 x 20	+ H/C spaces per code	2	400	2	400
Motorcycle [X] 5 x 10		2	100	2	100
Bicycle Parking [C]	Bike racks, canopy covered	1	200	1	200
		91	17,900	55	10,700
			17,900		10,700
Total Employee / Visitor Parking			35,800		21,400

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7-year Buses		
5-year Buses	25	7
Other		
Total Agency Vehicles	75	44

Space Name	Remarks	Base		Base	
		Qty	Space	Qty	Space

OTHER SITE AREAS

Patio [X]	Employee breaks, etc./Adj. to Driver's Rm.	1	563	1	330
Dumpsters / Recycling					
Trash [X] 12 x 30		1	360	1	360
Recycle [X] 12 x 30	Steel, wood, plastic, paper	1	360	1	360
Yard Storage [X]	For misc. items	1	15,000	1	8,800
Tank Farm [X]	Above-ground tanks with containment	1	2,000	1	2,000
			18,283		11,850
			18,283		11,850
	Total Other Site Areas		36,565		23,700

SUMMARY - Building Spaces

OPERATIONS			7,259		5,233
MAINTENANCE			26,579		9,528
FUEL / WASH / SERVICE			9,060		9,060
OTHER BUILDING AREAS			1,200		720
ENCL. AGENCY VEHICLE PARKING			39,600		24,750
	Subtotal - Building Requirements		83,698		49,291

SUMMARY - Outdoor Spaces

EMPLOYEE / VISITOR PARKING			35,800		21,400
OTHER SITE AREAS			36,565		23,700
	Subtotal - Site & Parking Req.		72,365		45,100

Site Circulation			156,063		94,391
Site Landscaping			15,606		9,439
Site Setbacks and Easments			39,016		23,598

Total Site Requirements (sf)			366,748		221,818
Total Site Requirements (acres)			8.42		5.09