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TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

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**PREAMBLE**

The Task Force on Transit Governance and Funding is pleased to submit the following recommendations and analysis to the mayor and city council. Over the course of six months, the task force has met and discussed funding, governance and transit improvement strategies that transform how Tulsans move around the city. The recommendations contained herein are consistent with the recent planning efforts of PlaniTulsa and *Fast Forward*, both of which propose transformational changes to our public transportation portfolio. We concur with the recommendations of both plans and believe that these investments will more than return their value to the taxpayers by **providing workforce access to jobs**, **decreasing household transportation costs**, and **promoting economic development** along key corridors in the city. Furthermore, increased local investment enables federal funds to be leveraged to a greater degree than currently possible, creating even better return on investment.

Past planning efforts have focused on answering the question of *what* transit investments are most appropriate for Tulsa and the surrounding cities. This task force has focused on the question of *how* to move forward with a funding and governance framework that makes implementing these transformational projects a reality.

Transit investment benefits the entire city. For those that need it, it provides a **ladder of opportunity** to obtain a job or education. For those who don't require transit, it provides a **choice**. For those who drive the city's corridors, it provides a dramatic enhancement of the esthetic of the street side transit stations which serve to **beautify** the city for its residents and visitors.

Key elements to long-term success of transit will be esthetic attractiveness, convenience and frequent access to major destinations. This proposal provides the funding answers to creating a transit system with all three elements.

The full proceedings and presentations made to the task force can be accessed here:

[http://www.incog.org/Transportation/Transit\\_Task\\_Force.html](http://www.incog.org/Transportation/Transit_Task_Force.html)

TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
FINAL RECOMMENDATIONS

## SUMMARY OF RECOMMENDATIONS

A summary of the task force's recommendations is provided below.

### Governance

Action	Responsible entity	Timeline
Retain current governance structure (Title 60 Trust)	N/A	N/A
Modify the MTTA trust indenture to include one seat on its board that rotates among the cities who contract with MTTA for service.	MTTA	0-2 years
MTTA create a policy that would add members to its Board of Trustees when suburban cities add dedicated funding to the system	MTTA	3-5 years
Revisit the option of creating a regional transportation authority	MTTA	5+ years

### Funding\*

Action	Responsible entity	Timeline
Option #1A – Enact a 2/10¢ dedicated sales tax to MTTA for capital & operations to fund Phase 1 & 2 of MTTA / <i>Fast Forward Plan (Preferred)</i>	Tulsa City Council	0-2 years
Option #1B – Enact a 1/10¢ dedicated sales tax to MTTA for capital & operations to fund Phase 1 of MTTA/ <i>Fast Forward Plan</i>	Tulsa City Council	0-2 years
Option #2 – Enact a 1/10¢ dedicated sales tax and create a utility fee that generates \$7 million annually (provide senior citizen rebate similar to Vision 2025).	Tulsa City Council	0-2 years
Seek diversification of the Title 68 Regional Transportation Authority revenue options beyond sales tax (i.e. fuel tax, ad valorem)	State Legislature/ CTAG	5+ years
Revise §68-1370.7.C of Oklahoma statute to allow for overlapping Economic Development Districts and Regional Transportation Districts to levy a sales tax concurrently	State Legislature / CTAG	5+ years

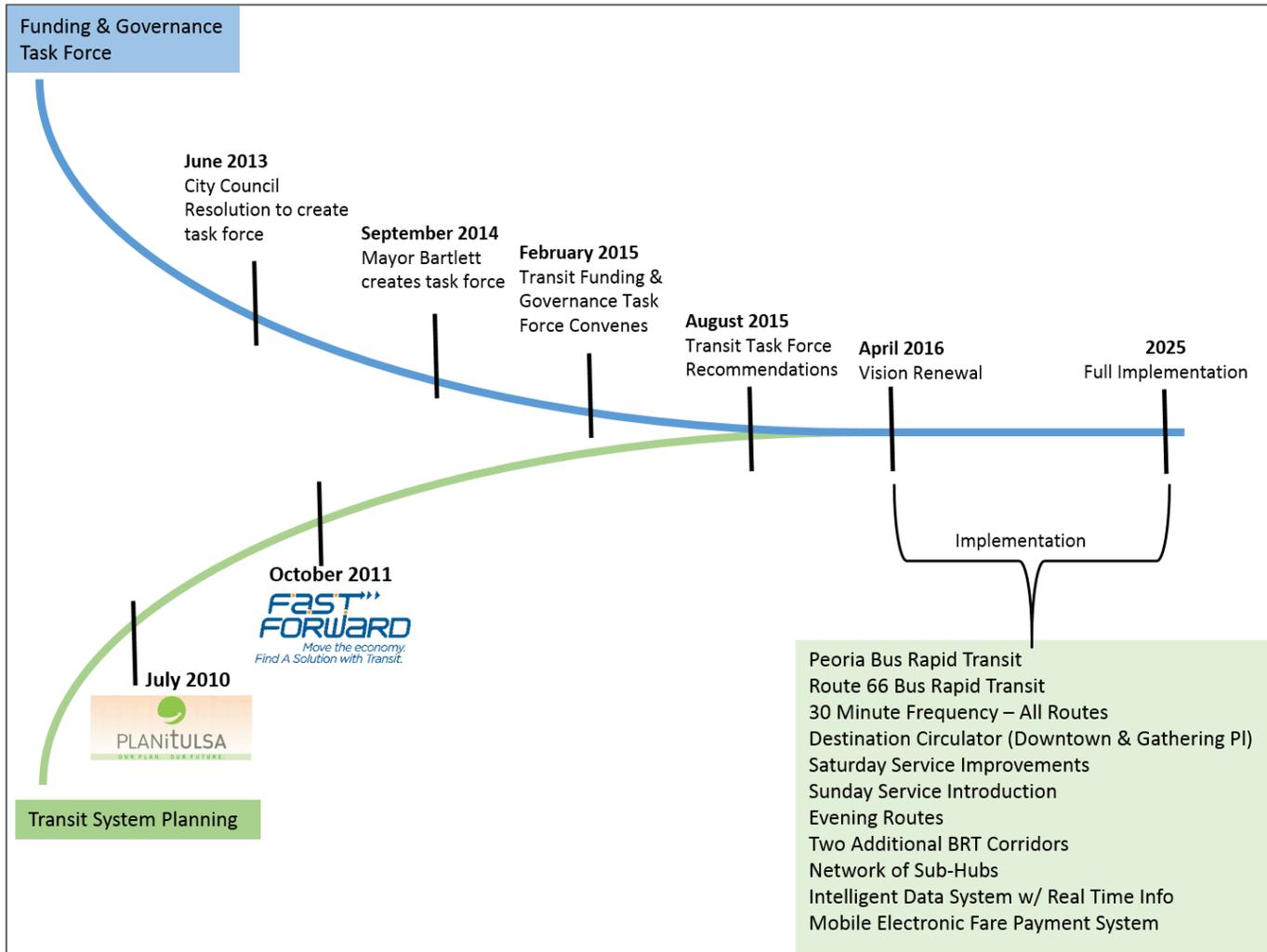
\*All funding options assume \$7 million in annual general fund contributions continue from the City of Tulsa support existing transit service.

### Other Recommendations

Action	Responsible entity	Timeline
Enact zoning code ordinance changes where high capacity transit lines are built (i.e. Peoria, 11 <sup>th</sup> Street) that support transit investments by encouraging transit-oriented development densities that support transit investment	City of Tulsa Planning/ INCOG	By the end of 2017
Ensure that marketing of the new system improvements in communicated to the public	MTTA	As system comes online
Identify a champion for transit projects among well-known community members	MTTA	

TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

*Timeline of Transit Governance & Funding Task Force and Previous Planning Efforts*



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*FINAL RECOMMENDATIONS*

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**History of the task force**

October 2011

The ***Fast Forward Regional Transit System Plan*** recommended that the Tulsa region “create a Regional Transit Authority based on options as allowed by Oklahoma enabling legislation and consensus among regional stakeholders.” The plan further recommended that INCOG “create a broad and diverse regional task force to address governance structure and membership options for a regional transit authority.”

June 27, 2013

City Council approves and Mayor signs Resolution #19463 that states:

Section 4: “in the interest of sound governance of an expanded transit system, the Council will form a Task Force, which shall determine and recommend the most appropriate governance structure and geographic scope of an expanded transit system.”

Section 5: “in the interest of establishing a sustainable and dependable financial basis for the development of a competitive mass transit system, the Council will form a Task Force, which will evaluate the best practices of peer cities and determine and recommend the most appropriate sources of funding to meet the operating costs and necessary capital investments, into the long-term, of an expanded transit system.”

September 15, 2014

Mayor Bartlett and Council Chair Gilbert send letter to Chairman Lassiter of the Transportation Advisory Board stating that the mission of the task force should remain two-fold: “focusing on governance and funding of a mass transit system.” Furthermore, the letter stated that “INCOG take the lead role for this initiative with Rodger Randle and Susan Neal serving as co-chairs.” The letter asks that “progress reports and the final recommendations will be developed by INCOG and shared with the City of Tulsa and surrounding communities.”

**Summary of meetings**

Meeting #1 – Feb. 27, 2015

- Presentation: Mobility in Tulsa: Yesterday, Today and Tomorrow. Discussed role of public transit within the bigger picture of transportation in Tulsa.

Meeting #2 – March 27, 2015

- Presentation: Existing Status of Tulsa’s Transit System and Planning for the Future of Transit

Meeting #3 – April 17, 2015

- Comparison of governance models available in Oklahoma (Title 60 Trusts, Title 68 Regional Transportation Authorities)
- Other governance models in the U.S.

Meeting #4 – May 11, 2015

- Review of *Fast Forward Regional Transit System Plan*
- Synthesis of Regional Transit Interest Survey

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TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

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Meeting #5 – June 12, 2015

- Review of *Fast Forward* Bus Operations Plan and required funding
- Funding mechanisms and their associated revenue potential

Meeting #6 – July 10, 2015

- Discussion of draft recommendations

## **DISCUSSION OVERVIEW**

The Task Force focused on governance and funding, as the mayor and city council outlined in their directives, however considerable time was also spent understanding the nature of the existing transit system and improvements recommended in the *Fast Forward* Plan. Those improvements are outlined in the section titled “Transit System Improvements” below.

A theme of the conversations over the course of the six meetings was the need to do something transformational rather than just adding incrementally to the existing transit system. The task force asked for details on the costs and scope of the *Fast Forward* Plan recommendations. Cost details were provided at the fifth meeting and discussed further at the sixth meeting. Funding recommendations are based on implementation of two phases of the MTTA/*Fast Forward* plan.

The task force also discussed the importance of a champion for redoubling efforts on transit improvements. This person(s) would be charged with communicating the benefit of increased transit service to groups, businesses, and elected officials. Without a champion, the needs and sources of funding for transit improvements may not be fully realized and articulated to the public. No recommendation of an individual to serve as a champion was made by the task force.

## **TRANSIT SYSTEM IMPROVEMENTS**

To clearly understand the need for funding and governance recommendations, it was critical that the task force understand the investments outlined in previous planning. Consequently, considerable time was spent in the final three meetings discussing the specifics of transit improvements, the planning process that led up to the recommended improvements, and the costs. The task force reviewed and concurred with the recommendations of *Fast Forward* and *PlaniTulsa* and strongly urges that the combination of capital and operating needs be met by the funding mechanisms offered in this report.

### *Changes in Transportation over the Next 30 Years*

Looking into the future, we see rapid changes in how people move about the city. Driverless vehicle technology, while still in development, is quickly overcoming technical challenges. This could bring about dramatic changes in the costs needed to implement transit and the cost of personal transportation options. The timing and magnitude of these changes are still unknown. Therefore, we are *not* recommending pricey rail-based projects like streetcars, commuter and light rail. These projects, while possibly a good investment, do not represent the *best* investment for Tulsa at this time. Modes like Bus Rapid Transit are gaining worldwide acceptance as a cost-effective blend of high quality service and low cost. We believe that MTTA’s proposal to expand transit in the upcoming Vision package is the most prudent approach to transit development over the next 10 years.

Below is a listing of projects Tulsa Transit is proposing for funding. Some are one-time capital intensive, while others are operating intensive, requiring annual recurring funding. All phases reflect capital and operating costs for 10 years. **The recommendation of the Task Force is to implement Phase 1 and 2 of the MTTA/*Fast Forward* plan.**

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TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

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**Phase 1 (+7.3 million annually)**

<b>10-Year Plan (near term Fast Forward recommendations): 1/10 Cent Sales Tax Proposal</b>
Peoria Bus Rapid Transit (North - South)
ALL Routes Weekday frequency to 30 minutes
Destination Circulator (Downtown + Gathering Pl)
Route 66 Bus Rapid Transit (East - West)

**Phase 2 (+\$14.6 million annually)**

<b>10-Year Plan: 2/10 Cent Sales Tax Proposal (All of the Above Plus)</b>
Saturday service at 60 Minute Frequency
Sunday service @ 60 Minute Freq.
9 Evening routes @ 60 Minute Freq.
Bus storage & maintenance facility for growing fleet
Electronic fare system
Intelligent Data & Real time information system
Bus Replacements (Capital)
Bus Rapid Transit on two more corridors (E-W & N-S)
Develop network of sub-hubs

**Phase 3 – Suburban expansion (beyond the scope of this proposal)**

<b>Fast Forward Suburban Recommendations</b>
<b>Improvement</b>
Express Bus service to suburbs: Broken Arrow, Bixby, Glenpool, Owasso, Jenks, Sand Springs
Improve suburban express bus service frequencies
Suburban circulation

**Long term projects (beyond the scope of this proposal)**

<b>Long-term projects</b>
Upgrade administrative facilities
Expand BRT Network to two additional corridors
Streetcar to Univ. of Tulsa

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TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

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Assumptions\*

- Most capital would be 50% federal funds, except for Peoria BRT
- The general fund would remain \$7 million/year, so all these numbers are incremental, leaving in place the existing transit service level and building upon it.
- 10 year timeframe, so all operating costs are x10
- Suburban communities would come later, since it appears that none are ready to dedicate sales tax to transit at this time

\*Changes to these assumptions, such as changes in federal transportation funding levels or reduction in the number of years funding is provided, would impact the projects ability to be fully funded.

## GOVERNANCE

### *Leadership*

When significant improvements proposed for the transit system, one must examine the governance structure to ensure that any new funding can be effectively managed and deployed within the existing structure, else a new structure may be needed. There is no doubt that investments in the transit system will require a dedicated board and leadership team. The task force recommends that the MTTA board consider adding project management personnel to manage the new large capital projects.

### *Regional Transportation Authorities (Oklahoma)*

The Task Force discussed the options of reforming MTTA into a Regional Transportation Authority, which is allowed by Oklahoma Title 68. While no Regional Transportation Authorities have been created to date in Oklahoma, the OKC metro area is pursuing creation of an RTA to connect the cities of Edmond, Moore, Norman and Midwest City to downtown Oklahoma City. Details of this governance structure is still in the works, but \$1 million has been pledged from those cities to start a RTA, led by ACOG.<sup>1</sup>

There was some interest expressed in the using the RTA statute enabled by the state legislature. However, a survey of the suburban municipalities determined that most were satisfied with the current “contract-for-service” model utilized by MTTA currently. This gives cities the flexibility to add or eliminate service on an annual basis. While the RTA structure may be needed in the future, the task force did not feel that this step was needed at this time.

### *Other Regional Governance Frameworks*

Presentation material was also provided that outlined several regional governance structures in Kansas City, Nashville, Charlotte and Reno, NV. These four structures represent a diverse cross-section of approaches to regional governance. Some, like Kansas City, have diverse appointed boards from all the jurisdictions paying into the system. Others, like Reno have members that are elected officials. Charlotte is unique in that it has a combination of voting and non-voting members with elected officials filling the board seats. In all of these cases, voting power is not proportional. Some cities with very small populations have the same voting power as the central city. In Charlotte, this is balanced by giving the Mayor the ability to approve the transit authority’s budget. Overall, the task force did not express interest in pursuing these governance structures.

## RECOMMENDATIONS

Based on feedback from municipal governments served by MTTA currently and those not served, the consensus of the task force is that the current governance structure, which allows suburban municipalities to contract with MTTA for service is working. Therefore, the task force agreed that there was **not a need to change the structure of the transit authority at this time.**

Despite not identifying a need to change the governance structure immediately, the task force did discuss the need for cities who contracted for service to have a seat on the board. The task force recommends MTTA create a rotating board seat for the three municipalities who contract with MTTA for service. As cities elect to dedicate funding to the transit system, a phased addition of board members, as outlined below, is proposed.

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<sup>1</sup> <http://okgazette.com/2015/06/26/okc-metro-forms-regional-transit-authority/> , Oklahoma Gazette, 6/26/15

TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
FINAL RECOMMENDATIONS

- *Short-term (0-2 years):* Modify the MTTA trust indenture to allow suburban cities who contract for service to appoint one MTTA board member, rotating periodically among contracting cities.
- *Mid-term (3-5 years):* Change the MTTA trust indenture to allow for cities to have a permanent seat on the MTTA board once they have a dedicated funding source in place.
- *Long-term (5+ years):* Revisit the option of creating a regional transportation authority

## FUNDING

Tulsa Transit’s current funding is primarily from the City of Tulsa’s general fund. The City of Tulsa’s general fund contribution comprises 41% of Tulsa Transit’s overall budget of \$18 million/year. That \$7.3 million annually goes almost exclusively to operating expenses. This is due to the federal law prohibiting most federal funds from being used for operations. For capital expenses, usual funding split is 80% federal, 20% local, but on operations, almost the entire cost is borne by the local entity.

The task force discussed the funding options available to meet the additional operating and capital costs associated with Phase 1 and 2 projects like bus rapid transit, downtown circulator service, increasing weekday frequency, Saturday service improvements, night service and express service to suburban communities.

### Existing Funding

Approx. \$7 million/year from city General Fund  
Some small contracts with suburban communities  
Federal grants for capital expenses, but not operating expenses

### New Funding Sources

The task force was presented with a number of commonly used funding mechanisms used for dedicated transit funding around the country. The vast majority of dedicated transit funding in the U.S. comes in the form of sales taxes. However, there are a number of other revenue sources that are used on a limited basis to diversify transit revenues. The task force discussed the viability of these funding mechanisms and concluded that any funding source that would require a change in state law (such as Ad Valorem or a fuel tax) would not be feasible in the near-term and should not be considered as a method of funding Phase 1 and 2 improvements.

*Table 1 - Revenue Generated by Funding Sources*

Revenue type	Rate	Yield	Jurisdiction
Sales Tax	0.1%	\$7.3 M/ Year	City of Tulsa
Sales Tax	0.1%	\$10.2 M/ Year	Tulsa County
Sales Tax	0.1%	\$10 - \$12 M/ Year	Regional Transportation Authority/District
Ad Valorem*	1 mill	\$3.1 M/ Year	City of Tulsa
Ad Valorem*	1 mill	\$5 M/ Year	Tulsa County
Fuel Tax*	1 cent	\$3.4 M/ Year	Tulsa County
Utility Fee	\$4/month	\$7.8 M/ Year	City of Tulsa
Utility Fee*	\$4/month	\$11.6 M/ Year	Tulsa County

\*Requires change in state law or constitution

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TASK FORCE ON TRANSIT GOVERNANCE AND FUNDING  
*FINAL RECOMMENDATIONS*

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A utility fee, similar to what EMSA collects, was discussed as an option. Some task force members thought a utility fee would generate revenue and tie the service provided to a fee that's paid on a regular basis. The possibility of making transit "free" for those who show their utility bill was also discussed. However, some on the task force pointed out the political difficulty of utility fees and cited the city's recent water and sewer fee increases as an example of fees that have been increased with some opposition from the ratepayers. The conclusion of the task force was that, while a utility fee may be technically feasible, it would be an option that would be considered as a secondary choice.

Due to the legal and political difficulty of other revenue sources, the task force agreed that the most reasonable path forward for funding transit expansion is the sales tax. To meet the need of the first two phases of transit expansion, the task force recommends that **2/10¢ sales tax in the city of Tulsa be dedicated for transit capital and operations** to fund Phase 1 and 2 of the system development. The task force identifies this as their preferred funding option, but also provides an alternative plan (Option #1B) that enables a phased approach to implementing transit improvements. While not the first choice of the task force, a 1/10¢ sales tax would be a first step in transforming transit options.

A key underlying assumption of all additional revenue sources is that **the City of Tulsa's commitment to approximately \$7 million/year be kept as a baseline**. In other words, a sales tax dedicated to transit of 0.1% would not grow transit service unless the baseline general fund commitment remained constant.

RECOMMENDATIONS

- *Short term: **Option #1A\**** – Enact a 2/10¢ dedicated sales tax to MTTA for capital & operations to fund Phase 1 & 2 of MTTA / Fast Forward Plan (*Preferred Option*)
- *Short term: **Option #1B\**** – Enact a 1/10¢ dedicated sales tax to MTTA for capital & operations to fund Phase 1 of MTTA/ Fast Forward Plan
- *Short term: **Option #2\**** – Enact a 1/10¢ dedicated sales tax *and* create a utility fee that generates \$7 million annually (provide senior citizen rebate similar to Vision 2025).
- *Mid-term (3-5 years):* Pursue changes in Title 68 that would allow an economic development authority and a transportation authority to levy a sales tax concurrently
- *Long-term (5+ years):* Seek diversification of the Title 68 Regional Transportation Authority revenue options beyond sales tax (i.e. fuel tax, ad valorem)

*\*All funding options assume a level contribution from the city of Tulsa general fund of \$7 million to sustain base service.*

*Recommended change to Title 68:  
§68-1370.7.C*

- Any sales tax approved by the registered voters of an authority shall be applicable only when the point of sale is within the boundaries or limits of the authority ~~and provided no other sales tax is being levied pursuant to this section in the same regional district during the same time period.~~