

Scope of Services

Review of the Operating, Governance and Financial Conditions at the Central Virginia Transportation Authority (CVTA)

1. STUDY BACKGROUND

During the 2020 session of the Virginia General Assembly, HB 1541 was approved as an amendment to the Virginia State Budget. 58.1-2299.20(c)3 of HB 1541 directs the CVTA to evaluate the governance structure of transit in the Richmond Region.

CVTA will engage the services of a professional consultant to conduct the review (the "Study"). The CVTA Technical Advisory Committee will direct the work of the consultant.

The entire text of 58.1-2299.20(c)3 of HB 1541 is as follows:

"That the Central Virginia Transportation Authority, as created by Chapter 37 (¶ 33.2-3700 et seq.) of Title 33.2 of the Code of Virginia, as created by this act, shall evaluate the governance structure of transit service in the Richmond region, including the evaluation of establishing a transportation district pursuant to Chapter 19 (¶ 33.2-1900 et seq.) of Title 33.2 of the Code of Virginia, and report the results of such evaluation to the Governor and the General Assembly no later than December 1, 2020."

In addition to the required review of transit governance and report, CVTA wishes to also develop benchmarking of financial and operational performance to ensure that GRTC's performance is at least as efficient as its closest comparable transit systems in the United States.

This scope of work is intended to inform and support compliance with legislative directives for transit in the Richmond Region.

2. STUDY OBJECTIVES

The objectives of this study are to:

- a. To perform an objective review of governance conditions at GRTC;
- b. To develop a series of recommendations for executive and legislative action, based on technical analysis and independent validation by leaders in the transportation field; and
- c. To complete the study by December 1, 2020.

3. STUDY ADMINISTRATION

CVTA will manage this study with the technical assistance of a qualified consulting firm (herein after referred to as the "CONSULTANT"). The review would be conducted using a two-pronged approach, with work occurring simultaneously at both a technical level and a policy level. A consultant with significant experience in evaluating and reinventing large transit organizations will be secured to support strategic assessment and development of recommendations. The review approach will also engage an independent reviewer with significant policy experience to provide credibility to the review process, and facilitate policy discussions among member jurisdictions.

CVTA's efforts will be coordinated with a number of key stakeholders, including the Richmond Regional Transportation Planning Organization. Both CVTA and the CONSULTANT will designate Project Managers through which all formal communications related to the Study will be exchanged.

4. CONSULTANT ENGAGEMENT AND STUDY SCHEDULE

CONSULTANT support services are needed through June 30, 2021. CONSULTANT will produce a draft final report, formatted as a General Assembly report, that is due no later than December 1, 2020 and a final report that is due no later than March 1, 2021.

The Study will be conducted in four phases as described below.

Phase 1 – Strategic Assessment and Benchmarking (October 30, 2020)

Phase 2 – Recommendations for Cost Containment and Government Reforms (November 30, 2020)

Phase 3 – Draft Final Report (December 1, 2020)

Phase 4 – Final Report (March 1, 2021)

Each Phase of the Study will include specific Tasks and Deliverables described in Section 6 below.

The CONSULTANT is expected to make at least two (2) and as many as six (6) public presentations on the Study to various entities. Presentations and Deliverables shall be reviewed and approved by the CVTA TAC before being presented in public meetings.

5. STUDY BUDGET

The contract between CVTA and CONSULTANT is a Cost plus Fixed Fee contract. Total cost of the contracted work shall not exceed \$200,000. A monthly invoice will be submitted by the CONSULTANT to CVTA, along with a monthly Scope of Services: Review of the Operating, Governance and Financial Conditions at the Greater Richmond Transit Company (GRTC)

progress report. The invoice and monthly progress report will provide a percent complete per task item and a detailed description of the activities performed for each task and subtask item. The percent complete should be tied to the dollar value that is placed on each task item, with the invoice amount reflecting the percent complete of each task.

6. SCOPE OF SERVICES: STUDY PHASES, TASKS & DELIVERABLES

The Study will be conducted in four phases. Each Study phase will include specific Tasks to be completed during the phase. Individual Study phases and Tasks may require the production of Deliverables at the end of the phase or Task or at other scheduled Milestones described below.

In addition to the four phases of the Study described below, the CONSULTANT will ensure that CVTA leadership is aware of work progress throughout the course of the Study. The CONSULTANT and the CVTA TAC will establish a regular schedule of progress meetings for the Study prior to the start of work by the CONSULTANT. The CONSULTANT will be responsible for preparing meeting agendas and meeting minutes.

The CONSULTANT will also be required to deliver public presentations throughout the course of the Study. The schedule of meetings at which CONSULTANT presentations will be required will be established by CVTA during the course of the Study.

6.1. Phase 1 – Strategic Assessment and Benchmarking

Phase 1 of the Study will include Strategic Assessments of the Greater Richmond Transit Company (GRTC) and other similar transit agencies and a benchmarking study against peer transit agencies.

Phase 1 of the Study is expected to be complete by October 30, 2020.

Phase 1 of the Study shall include the Tasks and Deliverables described in general below. The CONSULTANT shall determine all work required to complete each Task to the satisfaction of CVTA. The CONSULTANT shall present a Task Work Plan and Task Schedule for the completion of each task to CVTA for approval prior to the start of each Task.

Task 1.1: Strategic Assessment of GRTC

The Strategic Assessment of GRTC will focus on the current state of GRTC governance and the long-term financial sustainability of the organization. As part of the Strategic Assessment of GRTC, the CONSULTANT will compile and review all GRTC governing documents and all other strategic assessment reports and reviews of GRTC that have been conducted in the last 10 years.

With the approval of CVTA, the CONSULTANT shall determine the range of and specific organizational conditions to be documented in the Strategic Assessment of GRTC with the following conditions to be included at a minimum:

- Board Governance
 - ✓ Size of the governing board and the role of alternate members
 - ✓ Appointment authority to the governing board
 - ✓ Qualifications of governing board members
 - ✓ Terms of office of governing board members
 - ✓ Selection of governing board leadership (officers) and roles and responsibilities of board officers
 - ✓ Governing board committee structure and roles and responsibilities of committees
 - ✓ Veto authority by governing board members
 - ✓ Fiduciary responsibilities of governing board members
- Long-term Financial Stability of the organization
 - ✓ Funding structure
 - ✓ Funding/Revenue sources (including dedicated funding vs. discretionary, capital vs. operating, etc.)
 - ✓ Role of debt in funding of capital program
 - ✓ Budget process, including Capital Improvement Program
 - ✓ Budget analysis (operating vs. capital)
 - ✓ Changes/growth in revenues since 1980
 - ✓ Stability of revenue sources since 1980

Deliverable 1.1: The results of Task 1.1 will be summarized in a technical memorandum and presentation materials.

Task 1.2: Strategic Assessment of GRTC's Peer Transit Agencies

The Strategic Assessment of GRTC's Peer Transit Agencies will, documenting the same organizational conditions as those described in Task 1.1, focus on the current state of governance, labor policies and the long-term financial sustainability of a peer group of at least eight (8) transit agencies that are similar in size, age and operating characteristics as GRTC. The CONSULTANT shall choose the peer agency group to be assessed with the approval of CVTA.

Deliverable 1.2: The results of Task 1.2 will be summarized in a technical memorandum and presentation materials.

Task 1.3: Benchmarking Study of GRTC relative to Peer Transit Agencies

The Benchmarking Study of GRTC relative to Peer Transit Agencies will include a comparison of the organizational conditions documented in the assessments of GRTC and the peer agency group approved by CVTA as described in Tasks 1.1 and 1.2. In addition, the Benchmarking Study will, at a minimum, compare GRTC relative to the peer agency group on the additional metrics specified below. The CONSULTANT shall recommend other additional relevant metrics that may not be included in the list below.

The CONSULTANT shall utilize the Federal Transit Administration's (FTA) National Transit Database (NTD) for the data to be used in the Benchmarking Study and shall include data for transit agencies that have been in operation for over 35 years.

The metrics used in the Benchmarking Study shall be normalized using appropriate normalization factors (e.g. revenue miles, operating costs, etc.). The minimum metrics to be utilized in the Benchmarking Study include:

- Transit Agency Funding/Revenues (external sources)
 - ✓ Capital vs. Operating
 - ✓ Dedicated funding vs. Discretionary funding
 - ✓ Change/growth in revenue sources since 1980
 - ✓ Stability of revenue sources since 1980
- Transit Agency Funding/Revenues (self-generated)
 - ✓ Mix of self-generated funding/revenue sources
 - Advertising
 - Fares
 - Parking
 - Real Estate
 - Other
 - ✓ Changes/growth in each self-generated revenue source since 1980
 - ✓ Stability of each self-generated revenue source since 1980
- Transit Agency Costs/Expenses
 - ✓ Capital vs. Operating
 - ✓ Discretionary expenses vs. Non-discretionary expenses
 - ✓ Change/growth in operating costs by year since 1980
 - Per revenue hour of service (all modes)
 - Other relevant metrics
 - Inflation
 - ✓ Employment levels
 - Total headcount

- Per revenue hour of service (all modes)
 - Per mile of rail service
 - Operational employees vs. Administrative function employees
 - Safety-sensitive employees vs. Other employees
 - Other relevant metrics
 - ✓ Change/growth in labor costs by year since 1980
 - Per worker
 - Per revenue hour of service (all modes)
 - Other relevant metrics
- Cost Recovery
 - ✓ Farebox recovery
- Maintenance Costs
 - ✓ Maintenance spending per revenue hour of service per mile of rail infrastructure
 - ✓ Maintenance cost per revenue mile
 - ✓ Rail maintenance backlog
 - Rolling stock
 - Infrastructure
 - Facilities
 - Equipment
 - ✓ Other relevant metrics
 - Fuel costs

Deliverable 1.3: The results of Task 1.3 will be summarized in a technical memorandum and presentation materials.

6.2. Phase 2 – Recommendations for Governance Modifications

Phase 2 of the Study will include assessments of GRTC's current governance and an assessment of the governance models of similar transit agencies. . . In addition, Phase 2 of the Study will result in recommendations from the CONSULTANT related to potential reforms to GRTC's governance and funding structure as well as recommendations regarding the mitigation of increases to annual operating costs.

Phase 2 of the Study is expected to be complete by November 30, 2020.

Phase 2 of the Study shall include the Tasks and Deliverables described in general below. The CONSULTANT shall determine all work required to complete each Task to the satisfaction of CVTA. The CONSULTANT shall present a Task Work Plan and Task Schedule for the completion of each task to CVTA for approval prior to the start of each Task.

Task 2.1: Assessment of GRTC Governance relative to Peer Transit Agencies

The Assessment of GRTC Governance relative to Peer Transit Agencies will include qualitative and quantitative comparisons of the organizational governance conditions documented in the assessments of GRTC and the peer agency group approved by CVTA as described in Tasks 1.1 and 1.2. The Assessment of GRTC Governance relative to Peer Transit Agencies will document similarities and differences in the governance practices of GRTC and the peer agency group as well as recognized industry best practices for governance of transit agencies of similar size.

Deliverable 2.1:

The results of Task 2.1 will be summarized in a technical memorandum and presentation materials.

Task 2.53: Recommendations for Potential GRTC Governance Strategies

The Recommendations for Potential GRTC Governance Strategies will include both a list and discussion of potential reforms to GRTC's Governance structure to ensure the long-term sustainability of the organization as well as a list and discussion of strategies to bring about the recommended reforms. The Recommendations for Potential GRTC Governance Strategies will be developed with consideration given to the analysis performed in previous Tasks 1.1, 1.2, 1.3, 2.1, 2.2, 2.3 and 2.4

Deliverable 2.53:

The results of Task 2.5 3 will be summarized in a technical memorandum and presentation materials.

6.3. Phase 3 –Draft Final Report

The Draft Final Report will include the compilation into a single draft report document of all analysis, recommendations and Deliverables prepared during preceding Phases.

The CONSULTANT will prepare a reader-friendly report document that will provide narrative description of the Study findings and recommendations. The Final Report is expected to serve a dual purpose of informing technical and elected officials. The Final Report should be able convey complex information in an easy-to-understand manner using visual aids. The format of the Draft Final Report document will be at the discretion of the CONSULTANT with guidance from CVTA.

The Draft Final Report document will be delivered to CVTA no later than November 27, 2020. The Draft Final Report document will be delivered both electronically (editable) and in 25 bound, printed copies to the CVTA Project Manager.

Deliverable 3.1: Draft Final Report document (electronic and 25 bound, printed copies)

6.4. Phase 4: Final Report

Phase 4 of the Study will include edits to the Draft Final Report document recommended by CVTA, the development of an Executive Summary and production of the Final Report document.

Phase 4 of the Study is expected to be complete no later than March 1, 2021.

Phase 4 of the Study shall include the Tasks and Deliverables described below.

Task 4.1: Final Report

The Final Report will be produced and delivered to CVTA in substantially the same format as the Draft Final Report and will include edits to the Draft Final Report directed by CVTA. The Final Report will also include a four (4) to eight (8) page Executive Summary of the Study that will focus on key findings and recommendations deemed pertinent by CVTA.

The Final Report document will be delivered to CVTA no later than March 1, 2021. The Final Report document will be delivered to the CVTA Project Manager as directed in Section 7 of this Scope of Work.

Deliverable 4.1: Final Report document, including Executive Summary (delivered as directed in Section 7)

7. FINAL DELIVERABLES

In addition to the Deliverables required to be submitted during the course of the Study, the CONSULTANT will submit the following Deliverables to CVTA at the end of the Study:

1. PowerPoint presentations developed and delivered throughout the Study
2. All Study data and files in editable digital formats

All Final Deliverables listed above will also be submitted to CVTA in electronic formats.