

## **MEMORANDUM**

**DATE:** August 20, 2015  
**TO:** Planning and Coordination Council (PACC)  
**FROM:** John Jones, Manager, Charlottesville Area Transit (CAT)  
**RE:** Formation of a Regional Transit Authority (RTA) in Central Virginia

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Staff members from Charlottesville Area Transit (CAT) and the University of Virginia were tasked with developing a list of issues that policy makers should consider in preliminary discussions concerning the development of a Regional Transit Authority (RTA). The Charlottesville City Council and Albemarle County Board of Supervisors received enabling legislation authorizing the formation of an RTA from the General Assembly in 2009. The legislation allowed the City and the County permission to form the Authority when the localities agreed they were ready to move forward with the initiative.

However the General Assembly rejected the municipalities' request to hold referenda on an increase in the local sales tax to fund the Authority. Without a funding source, the initiative was tabled.

In addition to funding, there are several issues that would need to be reviewed and addressed if the Council, Board and University decide to move forward.

- **Funding:**

We would need to identify a funding source for the RTA. Special Service Districts could be used to fill the gap until the legislation was passed to allow a tax to be assessed. Ultimately, we would need the authority to tax from the General Assembly through enabling legislation and then through an affirmative referendum vote from our residents.

- **Governance:**

Governance of the RTA should be kept as simple as possible. We should initially include staff and resident representation from the City, County and possibly the University of Virginia on a governing board. The board should be structured in a way to allow for additional representation if the entity grows beyond the City and County.

The opportunity to participate in the RTA could be extended to additional jurisdictions. The entity could eventually include Augusta, Buckingham, Greene, Fluvanna, Louisa, and Nelson counties, areas that are already serviced by JAUNT.

- **Route Configuration:**

The City recently conducted a route study that resulted in significant changes in the system. If an RTA is formed there would need to be a review of the new coverage area, which will inevitably result in the reconfiguration of the entire system.

- **University Transit:**

See University memo from June 2015.

- **CAT and JAUNT Assets:**

CAT and JAUNT assets were majority funded with State and Federal grants. Since the new entity will become the recipient of these grant funds, these assets will pass to the new entity via a grant transfer agreement.

- **Combined resources:**

In many ways, CAT and JAUNT have the combined resources to become a successful independent entity. How these resources – human and capital – are deployed, needs to be carefully planned prior to any merger.

Each agency has different tracking, security, logistics systems run by various vendors on various contracts. Forming an RTA would require review of those systems.

Both entities have the necessary capital and human resources along with the management talent to properly launch a process. However additional financial resources will be needed to expand our services.

- **Legacy Cost:**

Many CAT employees have been with the City ten or more years. They have contributed to the City's retirement system and are vested. They will be reluctant to losing that investment. The new entity will likely have to make some arrangement to fund their contributions to that system through their retirement. This represents a legacy cost burden for the new entity to bear.