

Outer Banks Transportation Task Force  
**Bus Trolley Transportation Committee Meeting**  
March 8, 2006  
Minutes

Called to order at 1:30 p.m.

Members present: Jody Crosswhite, Scott Stroh, Ray Davis, Ralph Buxton, Seth Lawless, Matthew Byrne, Paul Keller

Under old business, there was discussion of the summer van service loop. Ralph Buxton and Jody Crosswhite will be meeting with the Outer Banks Visitors Bureau on March 9, 2006 to review the \$10,000 grant request to help fund the system. The grants committee earlier tabled the request. The bus/trolley committee agreed that the van service is just one element of the public transportation need and much information can be learned about how people are going to use a trolley service if the van loop is continued this summer. The loop would be free after 5 pm and there would be 2 loops during a 4 hour trip. The proposed southern route for 2006 would only go as far as the Outer Banks Mall. A few members suggested the route extend to the Tanger Outlet Center which is a destination and an area that employs a lot of people. Others mentioned that in the short time frame of service, the route should target where people are living, not where they are working. Sharron Sanderson with Dare County Transportation Services would need to know about the funding by April so that drivers can be lined up.

The discussion then turned to a trolley system and how to fund its operation. The easy part is buying the trolleys – but then how do we do fund maintenance, operations, etc. once we have them. State/federal subsidies are critical. Jody and Ralph had a phone conference with Ken Hosen, a consultant, and discussed these issues: How many people will use the system?; Funding from the state?; Local funding?; etc. It was stated that the state will fund the cost of the trolleys at 90% which means 10% would come from local capital expenditures. The state will also fund operating costs at 50%.

In addressing funding sources/sustainable operating revenue, Ralph Buxton presented the following information:

**Preliminary Bus-Trolley Funding Strawman –**

**Assumptions –**

- 1) Operating costs of \$50/hr – per ITRE (Ken Hosen suggested up to \$65/hr)  
Actual cost will be determined by competitive bid.
- 2) Sixteen hours per day. 6am to 10pm. Seven days a week.
- 3) No capital costs included in operating costs
- 4) No infrastructure is included – garages, signs, office, etc
- 5) Rider ship of 10 people/vehicle/hour – Hosen recommendation for first year
- 6) Fares - \$1.00/ride

- 7) Federal/State Subsidy 50% on net operating loss (after fares)
- 8) Buses cost \$120,000 each.
- 9) Federal/State Subsidy of 90% on bus purchase.

**HIGH** - Based on ITRE Alternative 2 (three main beach loops and backbone express):

- 15 minute service
- 20 buses - 18 weeks of operation – 16 hours/day – total of 32,256 hours

Income –	
Fares -	\$ 322,560
Cost-	<u>1,612,800</u>
Net operating	-1,290,240

Fed/StateSubsidy	645,120
<b>Local share</b>	<b>645,120</b>

Capital cost - 20 buses x \$120,000/bus = \$2,400,000  
**Local share of capital cost – 10% = \$240,000**

**LOW** –Based on ITRE Alternative 1 (two main beach loops)

- 30 minute service
- 9 buses – 18 weeks of operation – 16 hours/day- total of 14,112 hours

Income –	
Fares	\$141,120
Total cost -	<u>705,600</u>
Net Operating	\$564,480

Fed/StateSubsidy	282,340
<b>Local share</b>	<b>282,340</b>

Capital cost – 9 buses x \$120,000 = 1,080,000  
**Local share of cost – 10% = \$108,000**

**Alternate method of estimating fare revenue:**

If we assume there are an average of 150,000 visitors in the central beach area during the peak 18 week period, and some percentage would ride a trolley roundtrip at \$1 each way, here are fare revenues for sample percentages:

2% - 3000 riders x \$2 x 18 weeks = \$108,000  
 4% - 6000 riders x \$2 x 18 weeks = \$216,000  
 8% - 12000 riders x \$2 x 18weeks = \$416,000

### **Other revenue or subsidy sources:**

1. Advertising on bus/stops/media
2. Sponsorship of bus stops by businesses or other organizations that want to be on the route
3. Contributions or grants:
  - a. Outer Banks Visitor Bureau
  - b. Foundations
  - c. Automobile companies
4. Other fare sources:
  - a. Sales to hotel/motels, real estate, etc. for guest use.
  - b. Sales to employers for use by employees
5. Other potential contributors:
  - a. Dare County
  - b. Towns – (for Alternative 2: Nags Head, KDH, and Kitty Hawk could each sponsor a loop)
  - c. National Park Service ?
  - d. FEMA for hurricane evacuation ?

### **Questions:**

1. What is the cost of collecting fares?
2. How much would “no fare” increase rider ship – Hosen estimated 15-20%
3. Since net operating loss after fares is subsidized 50% is the extra effort for fare collection worthwhile?

Everyone agreed that the system in and of itself would have to be an attraction! Ride the trolley!

On the topic of *Free* or *Fares*, the committee discussed that setting up a fare collections system and marketing plan would be very time consuming. Also, how do you implement charging per person in a rental unit or hotel room? The committee felt that by placing the burden of collections or making a trolley fee assessment on property management companies and accommodations would not be supported. Although, putting a price on something makes it more “valuable” and seem to have worth, the actual amount that would be collected by charging fares would be minimal compared to the overall operating expenditures. If we would be charging a fare to assist with operating expenses, it would need to be included in the RFP.

The group then discussed: how big are we going to go with this and would we be able to get support from the Visitors Bureau and/or Parks Service? Would the towns be willing

to contribute? Could there be some designation of a percentage of the occupancy tax? The committee decided to ask Carolyn McCormick to attend the next meeting. They also agreed that there could be some business support in the form of sponsorship/advertising but everyone agreed they did not want rolling billboards or want to create controversy regarding stops with businesses.

The meeting ended with discussion of several questions that are yet to be answered. How many cars are going to be off the road?; How many stops?; How many vehicles?; Cost benefit to towns?; Is it worth the kind of money we are talking about?; Could we grow the system from one year to the next? To assist with some of these questions, it was noted that Dare is a member of the RTPO, which has a planner on staff, can they should be contacted also.

Next meeting; April 12, 2006