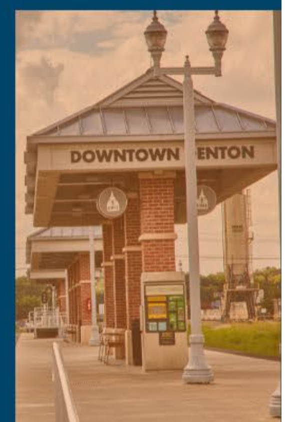
Task 3 Report: Develop Strategies to Increase Transit Authority Membership

Final

REGIONAL
TRANSIT 2.0



North Central Texas
Council of Governments

March 13, 2025

Preface

This report is an interim task report of the North Central Texas Council of Government's (NCTCOG) Regional Transit 2.0 initiative, which aims to examine crucial transportation investments that could accommodate the anticipated population growth and support sustainable development across the North Texas region. The Transit 2.0 initiative is comprised of eight primary tasks in the following areas, each of which is accompanied by its own standalone report:

- Task 2: Transit legislative program
- Task 3: Increase transit authority membership (this report)
- Task 4: Increase collaborations between existing transit authorities
- Task 5: Strategies for transit authority board partnerships and teamwork
- Task 6: Strategies for infill development
- Task 7: Fare collection strategies
- Task 8: Improve the transit authority-member city paradox
- Task 9: Final report

The purpose of the Task 3 report, *Develop Strategies to Increase Transit Authority Membership*, is twofold:

1. Identify challenges to expanding transit authority membership, including a review of existing institutional, governmental, and collaborative processes that may contribute to these challenges, and

2. Develop a menu of strategies that can lower institutional and financial barriers to transit authority membership.

This "menu" of strategies, as presented in this report, is meant to provide an inventory of options that could, under the right circumstances, lower barriers to transit authority membership. Not all ideas inventoried in this report may be feasible in North Texas due to political or institutional barriers but are included as worthwhile initiatives that NCTCOG and regional decisionmakers should be aware of and consider as the region progresses in the coming decades. Inclusion of a strategy in this Task 3 report does not necessarily indicate endorsement by NCTCOG or the three transit authorities.

After completion of Tasks 2 through 8, the most promising strategies will be extracted and refined in Task 9. The Task 9 final report and recommendations will be complete in late spring 2025.

Executive Summary

The North Central Texas Council of Governments (NCTCOG) and the three transit authorities (TAs) within its planning area boundary—Dallas Area Rapid Transit (DART), Trinity Metro, and Denton County Transportation Authority (DCTA)—face several challenges in their efforts to expand transit services, including bus, light rail, commuter rail, microtransit, and other innovative mobility services, to additional jurisdictions. The existing model for local jurisdictions to become members of a TA, which involves the commitment of one-half cent (Trinity Metro and DCTA) to one cent (DART) of voter-approved local sales and use taxes, is in direct competition with other municipal uses for these funds, due in large part to legislatively-imposed caps on property and sales and use taxes. This competition, and other challenges to increasing membership, have meant that none of the three TAs have successfully added a permanent full member jurisdiction since their founding. While each of the three TAs has their own unique policy for accepting funds for services in non-member jurisdictions, the TAs will need more options to help the jurisdictions interested in receiving transit—but are unable or unwilling to dedicate sales and use taxes—contract for service or achieve some intermediary type of long-term contracted service via alternative funding streams. This will need to be done in such a way that recognizes the value of full TA membership while providing affordable avenues for transit service provisioning for prospective jurisdictions facing these constraints.

With projected regional population growth estimated at over 4 million new residents in the next 25 years and most freeway corridors at maximum buildout, the region must find new and innovative ways to expand transit opportunities and accessibility. Key challenges include:

1. Identifying and securing dedicated funding sources for transit is challenged by state-imposed tax caps, putting funding for transit in direct competition with funding for other local public services;

2. The three TAs have variable appetites for and approaches to serving and integrating non-member contract jurisdictions;

3. There is limited consensus on how to fairly distribute transit funds across TA member jurisdictions; and

4. Regional growth, suburban sprawl, and rising congestion require greater transit access, even as many local jurisdictions currently undervalue its benefits.

Twelve possible strategies are posed in this report to help NCTCOG and the TAs achieve these goals based on ideas shared by NCTCOG, the TAs, local jurisdictions, and industry-leading innovations, best practices, and case studies. These are aggregated into funding strategies, collaboration strategies, consolidation strategies, and transformation strategies, and should be considered an inventory of ideas for NCTCOG and the TAs to consider. Though some complement one another, they are not in all cases meant to be undertaken as a package.

Funding Strategies

F1. Create a voter-approved County/Multi-County Transportation Funding Area (TFA) to levy taxes or fees for transit and rail

F2. Alter the enabling legislation for TAs to become self-regulating taxing authorities

F3. Transition local sales and use taxes and/or other general revenues from non-transit uses to transit uses with NCTCOG support

NCTCOG-Led Collaboration Strategies

C1. Facilitate field trips, workshops, and convenings for elected officials and decisionmakers from TAs and member and non-member jurisdictions

C2. Require regional participation in a TA by a predetermined deadline to continue to receive discretionary funding from NCTCOG

C3. Require TAs to establish clear and accessible avenues for jurisdictions to obtain TA services via membership and long-term contracting

Consolidation Strategies

S1. Implement a "Devolution" process to transfer decision making for TA membership from TA boards to NCTCOG as a regional administrator

S2. Increase the role of NCTCOG in regional decision making to expedite and optimize regional coordination

Transformation Strategies

T1. Implement a "balanced service levels by city" policy framework to clearly communicate funding allocation fairness to member jurisdictions

T2. Create an a la carte system for TA service provision

TA-Specific Strategies

A1. Assign the region's urbanized areas by TA to provide dedicated funding for transit

A2. Incentivize DART to accept alternative methods of funding for long-term transit provision

Each of these strategies have different strengths in their ability to address key challenges to increasing TA membership. Criteria are proposed and leveraged in the report to evaluate the degree to which these strategies:

- Lower financial barriers to TA membership or contracting;
- Lower structural barriers to TA membership or contracting;
- Improve regional planning and connectivity; and
- Make TA membership more valuable.

The Transit 2.0 team recommends that the TAs in the NCTCOG region prioritize a sustainable, equitable funding model that helps expand services, increase ridership, and improve the customer experience. To do this, the TAs will need to adopt and standardize flexible funding policies that recognize a sustainable, long-term commitment of dedicated funds other than voter-approved sales and use taxes, which are no longer feasible for many jurisdictions. This is likely to take the form of a defined long-term contracting policy that jurisdictions can achieve via Local Government Corporation contracting or a similar mechanism. Alongside this, TAs and NCTCOG can and should push for legislative change so TAs can formally accept other local option funding sources for transit provision (discussed in detail in the Transit 2.0 Task 2 report, *Transit Legislative Program*). Member jurisdictions, having invested over time, also require assurances that any new funding model respects their contributions while opening pathways for other municipalities to secure transit services fairly through a menu selection process.

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1. Introduction

Since 1974, NCTCOG, in conjunction with the Regional Transportation Council (RTC), has served as the Metropolitan Planning Organization (MPO) for transportation in the Dallas-Fort Worth Metropolitan Area. The NCTCOG Executive Board serves as the MPO's fiduciary and fiscal agent, while the RTC serves as the MPO's policy body for federal transportation planning, programming, and policy decisions.

NCTCOG, RTC, and the three transit authorities (TAs) of Trinity Metro, Denton County Transportation Authority (DCTA), and Dallas Area Rapid Transit (DART), are fiscally challenged in their efforts to deliver and expand transportation and mobility services and to support development in the rapidly growing and dispersed NCTCOG region—a region that is projected to exceed 12 million people within 25 years (2024 NCTCOG Population Estimates).

Since 2020, the NCTCOG region has grown by 650,000 new residents, with approximately 200,000 new residents in the past year alone. According to the 2024 NCTCOG Population Estimates, the largest population increases were in Dallas and Fort Worth, followed by Celina, Frisco, and Princeton. Dallas and Fort Worth are transit authority members, however, most growth is occurring outside of the service areas covered by the three transit authorities.

The three TAs have historically provided transit services to local jurisdictions after the affirmative approval of a referendum for a local option general sales tax dedicated to funding transit. For jurisdictions, this involves committing between one half cent (Trinity Metro and DCTA) to one cent (DART) of local sales and use taxes to transit. This commitment of sales and use tax is subject to the statewide cap of two cents. Locally generated sales and use taxes may also be leveraged by jurisdictions to fund economic development initiatives, crime prevention measures, and any number of critical local services, creating intense competition for these funds. Today, many jurisdictions that do not already have voter-approved sales and use taxes dedicated to transit have already committed their full two cent sales tax to other uses.

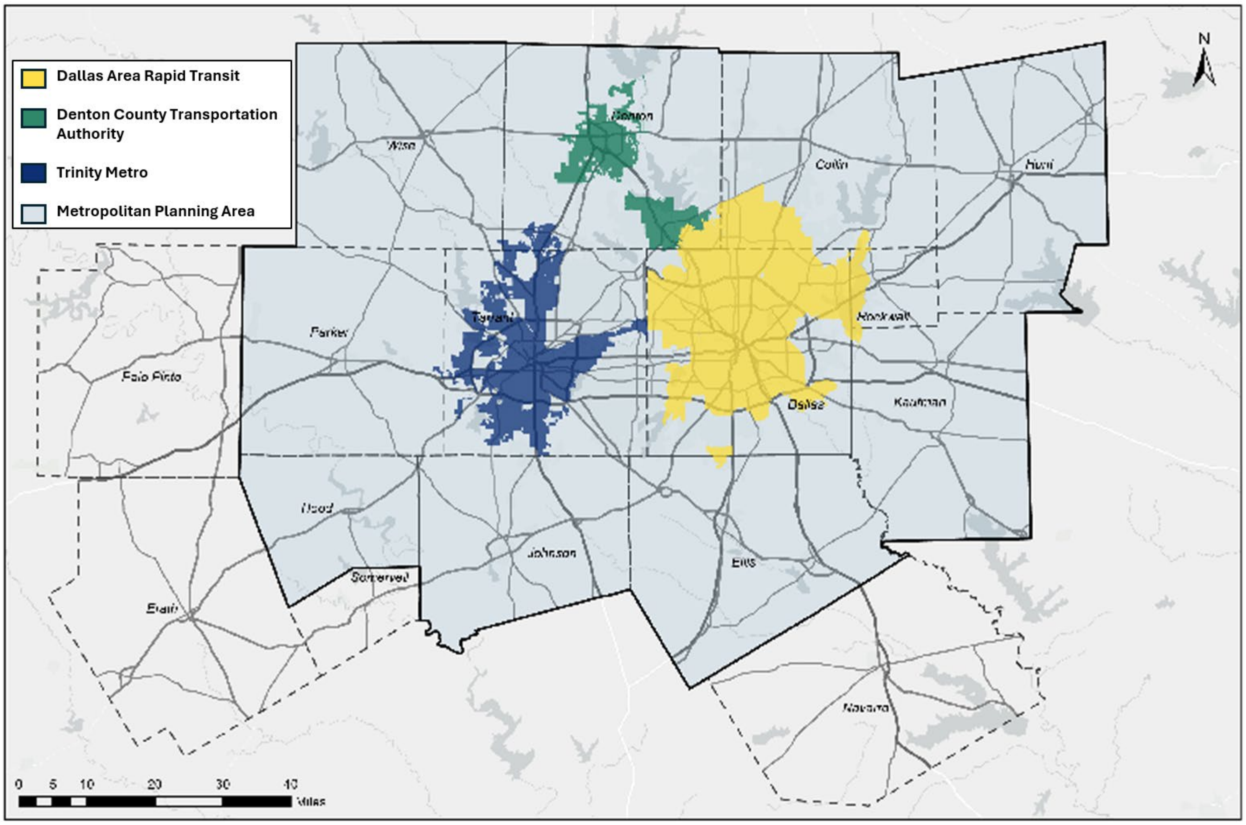
Due to the commitment of these funds, the addition of direct full member jurisdictions to the three TAs has effectively halted. Neither DART nor DCTA has added a member jurisdiction since authority inception, and Trinity Metro has only seen an increase in partial members via contracting through Local Government Corporations (LGCs). DART and Trinity Metro have lost full members over time—DART lost Coppell and Flower Mound in the 1980s and 1990s, while Trinity Metro lost Lake Worth, Richland Hills, and Blue Mound between 2003 and 2024. Former members cite the cost of service and competing uses for sales tax revenue as primary reasons voters decided to withdraw.

Some jurisdictions, including the City of Arlington, have chosen to operate their own on-demand transit service rather than join a TA, despite three voter referendums for TA membership that failed. Agencies like Arlington are eligible to use to use a portion of the federal Urbanized Area Formula funds for operating assistance. The expanded "100 Bus Rule" includes demand response service which smaller agencies and rural providers can use to cover their service area.

This type of city-by-city transit provisioning is inefficient and can result in additional transfers for riders looking to cross jurisdictional boundaries, and in worse cases, can result in poor to nonexistent regional connectivity and long transfer times.

This process of jurisdiction-by-jurisdiction elections for membership has created a patchwork of transit provision throughout the region (Figure 2). This means that communities face barriers to accessing jobs, education, healthcare, and other essential services beyond jurisdictional boundaries, exacerbating regional inequities and hindering overall economic growth and mobility. To ensure a vibrant and accessible economy with maximum labor participation and access to resources and opportunities, transit provision through TA membership, or long-term contracted service must be more consistently available across the geographic span of the region.

Figure 1. Transit Authority Jurisdictional Boundaries.



Source: NCTCOG.

Patchwork service provision also results in inconsistent funding allocation, spreading federal funds like Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Funding thin. The FTA provides transit funding to the region for designated and direct recipients, such as Arlington, for providers of public transportation and the RTC approves FTA allocations on an annual basis. The RTC has allocated Section 5307 to support Arlington's on demand service and is considering using Section 5307 to support on-demand service to the City of Frisco—two jurisdictions that do not currently hold TA membership. The RTC has had to grapple with this classic policy question of competing federal and regional interest to support the high-need residents where no transit service currently exists and should continue to require local contributions to ensure local jurisdictions have a stake in transit provisioning.

The TAs struggle to provide short-term service provision that can create long-term operational and budgetary uncertainty. For this reason, the TAs wish to create a path from short-term contracting to long-term service provision. Each has approached this service contracting challenge differently when working with jurisdictions who are interested in receiving transit service but are unwilling or unable to commit the required sales and use taxes for full membership. None of these disparate approaches have succeeded in providing a successful alternative pathway to full membership, with DART's policy being so restrictive as to effectively prevent both contracting and membership:

- Trinity Metro will provide long-term contracting with jurisdictions, with agreements that can be as binding as full membership, as is the case with TEXRail service in Grapevine and in North Richland Hills.

- DCTA is also open to contracting—both DCTA and Trinity Metro provide service to more jurisdictions on a contract or partial-membership basis than through full half cent sales tax contributions—but the Authority hopes to put an emphasis on converting these contract jurisdictions to long-term membership in policy updates.

- DART has typically approached contracting relationships with individual jurisdictions more restrictively by terminating contracted services after 3 years if a jurisdiction has not affirmatively approved, via referendum, the collection of a one-cent local sales tax for transit services. There have been some exceptions to this but a three-year trial period is the norm.

The funding sources TAs accept for contracted service vary, and include Section 4B economic development sales taxes, Tax Increment Financing (TIF) districts, general funds, and federal funds. LGCs are also a common tool leveraged by all TAs and local jurisdictions to support funding. These are all described in greater detail later in this report.

2. Key Challenges to Increasing Transit Authority Membership in the NCTCOG Region

Task 3 findings were informed by interviews with staff at NCTCOG, the three TAs, and municipalities in the NCTCOG region. Current TA membership policies and NCTCOG studies were thoroughly reviewed to establish a baseline understanding of needs.

Jurisdictions interviewed included TA members, contract jurisdictions, and a previous member as listed in Figure 2. Interviews were sought with an additional three jurisdictions, but due to their schedule and the timeline for completion of this task, interviews were not possible.

Figure 2. Municipalities interviewed for Task 3.

Agency	TA Membership
City of Plano	DART
City of Richardson	DART
City of Dallas	DART
City of Irving	DART
City of McKinney	DART (Contracts for service)
City of Fort Worth	Trinity Metro
City of North Richland Hills	Trinity Metro (Long-term contracted service at 3/8 cent)
City of Grapevine (former CFO)	Trinity Metro (Long-term contracted service at 3/8 cent)
City of Blue Mound	Non-member (formerly Trinity Metro)
City of Denton	DCTA
City of Frisco	DCTA (Contracts for service)
City of Arlington	Non-member
City of Grand Prairie	Non-member

Throughout the interviews, key challenges to increasing TA membership and expanding transit services, including bus, light rail, commuter rail, elderly/disabled service, and/or microtransit, and other innovative mobility services to the region, included the following:

1. Identifying and securing dedicated funding sources for transit is challenged by state-imposed tax caps, putting funding for transit in direct competition with

funding for other local public services;

2. The three TAs have variable appetites for and approaches to serving and integrating non-member contract jurisdictions;

3. There is limited consensus on how to fairly distribute the use of transit funds across TA member jurisdictions; and

4. Regional growth, suburban sprawl, and rising congestion require greater transit access, even as many local jurisdictions currently undervalue its benefits.

A sentiment of frustration was frequently expressed by interviewees who discussed the lack of support for transit by local political leaders, within the State Legislature, and from the highest officials in State government. This absence of high-level political support for transit has negatively impacted awareness by policymakers and the public regarding the value of transit and functional mobility within the North Central Texas region. This lack of prioritization at various levels of government has impacted the availability of dedicated funding alternatives for TA membership.

Identifying and securing dedicated funding sources for transit is challenged by state-imposed tax caps, putting funding for transit in direct competition with funding for other local public services

Most non-federal funding for transit in the NCTCOG region is derived from local sales tax measures authorized by voters in member jurisdictions of the three TAs. This is because State funds within the State Highway Fund (also known as TxDOT Fund 6) are not eligible for transit purposes. Local sources range from the one cent sales tax approved by DART member jurisdictions to the one-half cent sales taxes approved for Trinity Metro and DCTA. The total level of local sales tax authorized by the Legislature is capped at two cents. All locally generated funding for transit in the region can be leveraged for federal funding apportionments.

For TA member jurisdictions, their one- or one-half cent sales tax for transit consumes up to half of their state-authorized two cent local maximum, limiting funding other city needs and/or to attract and retain major developments. Underscoring this issue, jurisdictions that are not members of a TA can use their sales tax revenues to provide tax incentives that may attract developers away from transit agency member jurisdictions.

Once a jurisdiction has allocated their sales and use tax—to any use—it becomes politically challenging to reconsider the allocation of these funds for member and non-member jurisdictions alike, as it would require giving up initiatives or programs that are already funded using this revenue stream. The repurposing of these funds is explored in Transit 2.0 Task 5, *Develop Strategies to Foster Transit Authority Board Partnership and Teamwork*.

The net effect of the two-cent cap, coupled with competition among jurisdictions for economic development assisted by sales tax and lack of other viable, dedicated funding sources, has resulted in reduced incentives for new jurisdictions to join TAs and increased incentives to reconsider contribution levels for current TA member jurisdictions.

The three TAs have variable appetites for and approaches to serving and integrating non-member contract jurisdictions

In recent years, the primary method of transit service expansion to new jurisdictions has been to contract for service. Alternative methods of voter-approved funding have been accepted by Trinity Metro in the form of Section 4B economic development sales taxes. DCTA has also expressed a willingness to accept alternative funds. DCTA, as the only Coordinated County Transportation Authority (CCTA), has unique flexibility among the three TAs in its ability to accept dedication of either property taxes or sales and use taxes through its public transportation financing areas (PTFA) to achieve full membership. DART and Trinity Metro, as Regional Transportation Authorities, are more constrained due to statutory requirements in the Texas Transportation Code defining TA membership as commitment of funds via voter-approved sales and use taxes. At DART, an additional challenge exists due to board-imposed pressure to maintain financial equity with current member jurisdictions. This underscores the need for DART to accept nontraditional funding sources for long-term service provisioning or pursue legislative changes. See Section 3 of this report for additional details TA enabling legislation.

The perceived and real complexity and cost of contracting for service has pushed some cities, like Arlington, to provide their own services for seniors and individuals with disabilities and expansion of on-demand transit service, further fragmenting regional transit provision. Others, such as Frisco, have previously taken positions directly opposed to transit—a position that is not entirely uncommon in a region that broadly does not see the value of transit, and is exacerbated by the cumbersome processes required to obtain service. Cities caught in the middle, like Allen, Fairview, and others contract with DART for service as long as they can but know that the three-year time limit will eventually leave them scrambling to provide replacement services in the future— McKinney which formed an Urbanized Transit District (MUTD), is not subject to DART's three year provision because the MUTD is not a municipality. This is antithetical to how regional connectivity should be encouraged, and without a consistent framework to provide transit to non-member jurisdictions, regional connectivity is hampered.

A related concept that has been proposed, though notably no stakeholders interviewed were supportive of, is the creation of a fourth TA. While a new TA may take a different and more flexible approach to service contracting than one or more of the current TAs, it would face similar statutorily imposed barriers. It would also increase barriers to interconnectivity across the region, since TA services are limited to the geographical boundary of their service area. This concept and its suitability are discussed in further detail in the *Strategies to Increase Transit Authority Membership* section of this report.

There is limited consensus on how to fairly distribute transit funds across TA member jurisdictions

As highlighted by the current tensions among the DART member jurisdictions, there is disagreement on how service allocations and transit fund contributions should be fairly distributed across TA members. At DART, friction around the fair share of funding and service provisioning has resulted in significant concern from board members, city council members, and mayors. This concern continues to be a major cause of discontent that remains unresolved.

DCTA experienced this same tension in 2019 and went through a cost allocation model process to determine the amount of funding being spent in each member city, a significant governance change to address the governance inequities of non-members and created a menu of services in each city based on each jurisdiction's desired mode of service or services. Maintaining awareness of allocation of funds between member jurisdictions is a priority for DCTA's Board, and it is developing a workable, long-term policy for New Members and Contracted Services. Trinity Metro has only one full member jurisdiction, the City of Fort Worth, alongside five contract jurisdictions, and does not face this challenge as acutely.

While the current membership and political paradigm at each TA is slightly different, there are many ways to track and analyze fund distribution, resulting in different approaches by each TA in the way prospective member or contract jurisdictions are considered.

Regional growth, suburban sprawl, and rising congestion require greater transit access, even as many local jurisdictions currently undervalue its benefits

According to the NCTCOG 2050 Demographic Forecast, projected population growth in the North Texas region is anticipated to occur most intensely in the northern part of the region, where transit provision is sparse or nonexistent. For example, the McKinney-Frisco Urbanized Area (UZA), which continues to grow in population, is not integrated into a TA.

At the same time, North Texas freeway infrastructure is reaching its full buildout potential in most corridors. To achieve air quality goals and minimize the impacts of congestion, transit provision will need to be expanded.

Despite these compounding challenges, many local jurisdictions without transit (and some that do) doubt its utility, preferring to spend already-tight budgets on other priorities. Many jurisdictions do not understand that transit can support these economic development goals while softening the impacts of regional growth, suburban sprawl, and rising congestion. Even among the non-member cities that are interested in transit, there is generally an interest in limited services, typically in the form of microtransit. This can create issues for regional connectivity and raises questions of cost-effectiveness for TAs. While microtransit is an important service and makes sense in many parts of the region, the TAs and NCTCOG face a significant hurdle in conveying the value of transit more broadly.

Focus of Analysis to Increase Transit Authority Membership

Individually and in combination, the challenges described above limit the ability of jurisdictions to obtain transit service through a TA. This report builds on these key challenges and redirects the regional response toward funding, collaboration, consolidation, and transformation strategies that can help increase TA membership. The report presents these strategies and assesses the areas where they would be most impactful.

3. TA Membership and Contracting Policies

Each of the Transit Authorities has a unique legislative framework and contracting process for developing and implementing transit services within their respective jurisdictions.

Enabling Legislation for Transit Agencies

Texas has three categories of transit systems:

- Transit authorities and municipal transit departments, which include:
  - Metropolitan Rapid Transit Authorities (Texas Transportation Code § 451)
  - Regional Transportation Authorities (Texas Transportation Code § 452, e.g. DART and Trinity Metro)
  - Municipal Transportation Departments (Texas Transportation Code § 453)
  - Coordinated County Transportation Authorities (Texas Transportation Code § 460, e.g. DCTA)
- Urban transit districts
- Rural transit districts

TAs are eligible under State statute to seek voter approval for a local option general sales tax dedicated to funding transit (Texas Transportation Code § 451, 452, 453, 460). Local taxing jurisdictions (cities, counties, special purpose districts, and transit authorities) may impose local sales and use taxes up to two cents, in addition to the state portion of the sales and use tax rate of 6.25 cents, for a total maximum combined rate of 8.25 cents.

Notably, TAs are not eligible to receive State public transportation funds, which are reserved for urban and rural transit districts.

Voters in seventeen cities in the NCTCOG region have currently approved a local option sales tax for transit authorities.

Alternative Local Funding Mechanisms for Transit

Member jurisdictions in Texas typically fund transit through voter-approved local option general sales tax dedicated to transit, however other voter-approved funding mechanisms can be leveraged, including the following:

- The Development Corporation Act of 1979 (Texas Revised Civil Statutes Article 5190.6) allows municipalities to create nonprofit development corporations that promote new and expanded industry and manufacturing activity within the jurisdiction and its vicinity. These corporations can leverage "Section 4A" or "Section 4B" economic development sales taxes, which account for a portion of the local two cent sales and use tax limit. Section 4A sales taxes target manufacturing and industrial development, while Section 4B sales taxes primarily target infrastructure and quality of life improvements that promote economic development, including transportation facilities. If accepted by the local TA, jurisdictions can use Section 4B tax revenue to fund the provision of transit service.

- Tax increment financing, whereby sales and property taxes generated by new development surrounding stations is leveraged to fund transit, can be used to fund the provision of transit service if accepted by a local TA.

- Property tax revenue has been approved by voters in Austin for the City's light rail program, bus rapid transit, improving commuter rail, and expanding the bus system. The effectiveness of this funding stream is still in question and is being challenged for its legality under the Texas Tax Code in court. Authority to use property taxes as a funding stream for transit should be requested of the Texas legislature to ensure such an initiative could succeed in North Texas.

Transit authorities may also receive funding through NCTCOG and RTC (as the MPO for the Dallas-Fort Worth Metropolitan Area), which administer numerous federal funding programs for transportation. In the NCTCOG region, this includes transportation development credits (TDCs) for capital projects that can be used to leverage federal funding without the contribution of non-federal cash match. These TDCs are non-cash credits that are earned by the MPO to account for toll roads and tolled managed lanes that benefit the federal system. Jurisdictions may also allocate general funds for service provision.

In addition, municipalities, counties, and TAs, among other government entities, may create Local Government Corporations (LGCs) to aid and act on behalf of one or more local government to accomplish any associated governmental purpose. LGCs have the powers of a transportation corporation, are created via a memorandum of understanding or interlocal agreement and are governed by a board. LGCs help limit financial risks to government entities, issue revenue bonds that are not City or TA debt and allow public projects to benefit from oversight by a board of directors.

The Three Transit Authorities

The three TAs in the NCTCOG region were approved by successful referendums and funded with local sales taxes. The three authorities differ in their approaches to funding transit and expansion of services, as summarized in Figure 3. They also differ in terms of their enabling legislation.

Figure 3. TA Membership and Contracting Summary

TA	Membership Policy	Current Contracting Policy
DART	**New Member Cities Admission Policy (2002)** • Jurisdictions must border an existing DART member jurisdiction • Outlines preliminary assessment, election requirements and commitment of 1% sales and use taxes	**DART Services Outside the Service Area Boundary Policy (1995)** • Outlines requirements for service agreement fees • Outlines transit system and financial plans • If funding for full membership is not committed within 36 months of contracted service initiation, service is terminated • Outlines milestones at which a new member jurisdiction must pre-pay for service before being provided service as a member
Trinity Metro	**No formal policy** • Follows procedures included in Texas Transportation Code Chapter 452 for Regional Transportation Authorities	**No formal policy** • Informally aims to be open and accommodating to establish agreements with potential contract jurisdictions

TA	Membership Policy	Current Contracting Policy
DCTA	**New Member Policy (February 2012)** • Outlines procedure for jurisdiction application, funding requirements via commitment of a half-cent of sales and use taxes, or by the creation of a Public Transportation Financing Area (dedicating the incremental property tax or sales tax in the PTFA), service plan amendments, and election. • Revisions to policy in progress	**New Member Policy (February 2012)** *Associate Membership* • Outlines Associate Membership option and procedure to commit annual payments to DCTA. • Revisions to policy in progress *Contract Services* • Outlines procedure for Interlocal Cooperation Agreement to provide specific transit services. • Outlines required fee types. • Revisions to policy in progress

As shown in Figure 3, only DCTA has a formal "associate membership" policy for jurisdictions interested in committing long-term funds other than local sales and use taxes. However, in practice, Trinity Metro allows for this equivalent through its informal and flexible approach to service provisioning. Only DART does not provide an avenue for long-term contracting. Trinity Metro has successfully provided long-term contracted services to both Grapevine and North Richland Hills, though notably under an agreement for 3/8 cent, not the full half cent required for full membership. This is discussed in further detail below.

Trinity Metro

Trinity Metro is the regional transportation authority for the greater Fort Worth region (Texas Transportation Code § 452). Also known as the Fort Worth Transportation Authority, Trinity Metro was created by voters in Fort Worth via a successful referendum on November 8, 1983, which committed a half-cent local sales tax from the City of Fort Worth.

Trinity Metro does not maintain a formal policy regarding service contracting. For jurisdictions that do not want to or cannot utilize sales taxes, Trinity Metro aims to be open and accommodating to meet their needs. For example, Trinity Metro allows municipalities to gain specific services through interlocal agreements at rates below the full half-cent membership. Two cities, Grapevine and North Richland Hills, maintain these agreements with Trinity Metro to pay for service on the TEXRail commuter rail line. Neither municipality receives other Trinity Metro fixed route bus service, on-demand service, or paratransit service, though both participate in the Northeast Transportation Service (NETS), overseen by Trinity Metro, for seniors and individuals with disabilities.

Grapevine funds its service via a half-cent economic development sales tax, of which 3/8ths of a cent is earmarked for Trinity Metro. The tax accounts for a portion of the local two-cent sales tax limit and is structured under Section 4B of the Development Corporation Act of 1979 (Texas Revised Civil Statutes Article 5190.6).

North Richland Hills funds its service from “any available source.” Contributions began in 2023 at $2 million with 5% annual rate escalations until North Richland Hills’ contribution reaches the equivalent of 3/8 cent sales tax revenues of the City, no later than 2035.

For other services like on-demand transit, Trinity Metro enters into Interlocal Agreements that outline terms of service that are funded through each City’s general fund and local grant opportunities provided through NCTCOG.

Dallas Area Rapid Transit

DART is the regional transportation authority for the greater Dallas region (Texas Transportation Code § 452). DART was created by voters in 15 cities via a successful referendum on August 13, 1983, which committed a one-cent local sales tax from each city. In 1988, two of the original cities (Flower Mound and Coppell) voted to leave the system. DART member jurisdictions are authorized to hold withdrawal elections every six years under Chapter 452. While other cities have held such elections since 1988, none since Flower Mound and Coppell have been successful.

DART’s current service area consists of 13 member jurisdictions: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park. Of these, six member jurisdictions have recently passed City Council resolutions to reduce their one-cent local sales tax contributions to three-quarters of a cent. These jurisdictions are Carrollton, Farmers Branch, Highland Park, Irving, Plano, and Rowlett. These resolutions are perceived as largely symbolic because changes in funding must be approved by the DART Board of Directors.

Beyond the 13 member jurisdictions, any municipality that adjoins a DART member city is eligible to join upon affirmative approval of a referendum called and conducted by that city authorizing the collection of a one-cent local sales tax for transit services (TRANSP § 452, Subchapter O, DART Policy No. IV.13).

Municipalities and other entities -such as LGCs, transit agencies or colleges outside of the DART service area may seek a service agreement with DART for transit service. These agreements must be approved by the DART Board of Directors. Agreements with municipalities can be for no more than 36 months, after which the municipality must provide a plan to become a full member city (DART Policy No. III.07). DART established a Local Government Corporation (LGC) in March 2012 under Subchapter D of Chapter 431, Texas Transportation Code, to aid and act on behalf of DART in performance of its governmental purpose of providing a public transportation system by bus primarily outside the DART Service Area.

Denton County Transportation Authority

In 2001, Texas House Bill 3323 created Chapter 460 of the Texas Transportation Code, which authorized the creation of Coordinated County Transportation Authorities (CCTAs) by County Commissioners Courts, subject to a vote by the county population.

A unique feature of CCTA enabling legislation is CCTA's ability to accept jurisdictions as members through tax increment payments via the designation of a Public Transportation Financing Area (PTFA) (TRANSP § 460, Subchapter I). Municipalities may, by ordinance, designate a contiguous geographic area within its boundaries, to be a PTFA that dedicates a portion of the tax increment be paid to the authority and deposited into a tax increment account.

DCTA is the first and only CCTA in the State (TRANSP § 460). DCTA was created by voters in Denton County via a successful referendum on November 5, 2002. CCTAs are also uniquely able to serve as both a TA and a rural transit district. Today, the significant population growth in Denton County has blurred the distinction between "rural" and "urban" service areas. Cities receiving service under a rural designation are often only recognizable as "rural" through their relationship to the UZA boundary, which will continue to expand as population grows. Furthermore, travel patterns in those cities are closely tied to Cities within the UZA, including cities that are part of the DCTA system. After the creation of DCTA, the jurisdictions of Denton, Highland Village, and Lewisville voted to join DCTA on September 13, 2003. The referendums committed a half-cent local sales tax from each city to finance the system.

DCTA provides service via other partnership agreements. For example, Collin County Rides is operated by DCTA in the Cities of Allen and Fairview and was taken on by DCTA in February 2024 after DART's decision to end the service in accordance with its policy on contracted services. DCTA also maintains a contract with the City of Frisco to operate Frisco Demand Response, a curb-to-curb service for residents who are elderly, disabled, or traveling to medical care.

DCTA maintains a New Member Policy that outlines requirements for applications for full membership, associate membership, and contracted services. Per the policy, associate membership involves the addition of a jurisdiction for long-range planning and limited transit service through a dedication of some amount less than ½ cent based on the amount of service requested, while contracted services are provided through an interlocal cooperation agreement and annual payments. DCTA is the only TAs that explicitly delineates three different tiers of service provision. As of November 2024, DCTA is actively in the process of re-writing this policy.

TA Membership Status

The three TAs each have variable numbers of members, contract jurisdictions, and in the case of Trinity Metro, partial members. A summary of TA membership is provided in Figure 4.

Figure 4. TA Member Jurisdictions and Status

	MEMBERSHIP STATUS
DART	
Addison Carrollton Cockrell Hill Dallas Farmer's Branch Garland Glenn Heights Highland Park Irving Plano Richardson Rowlett University Park	Full Member (1 cent)
Coppell (1983-1989) Flower Mound (1983-1989)	Former Full Member (1 cent)
Celina Lowry Crossing McKinney Melissa Princeton Prosper	Collin County Transit (Contract)
DCTA	
Denton Highland Village Lewisville	Full Member (1/2 cent)
Allen Fairview	Collin County Rides (Contract)
Frisco	Demand-Response (Contract)
Coppell	Workforce Transit Program (Contract)
TRINITY METRO	
Fort Worth	Full Member (1/2 cent)
Blue Mound (1992-2024) Lake Worth (1991-2003) Richland Hills (1992-2016)	Former Full Member (1/2 cent)
Grapevine North Richland Hills	Partial Member (3/8 cent) Partial Member (3/8 cent by 2035)
Mansfield Forest Hill	ZIPZONE (Contract)
Crowley (2020-2024) Everman (2021-2024)	Former ZIPZONE (Contract)
Bedford Euless Grapevine Haltom City Hurst Keller North Richland Hills	Northeast Transportation Service (NETS) (Contract)

4. Strategies to Increase Transit Authority Membership

There are a number of strategies that the Transportation Authorities can consider as transit plans move forward for a region that is anticipated to see over 4 million new residents in the coming 25 years. These strategies should be considered an inventory of ideas that NCTCOG and the TAs could undertake to increase direct or indirect transit authority membership in the region. Though some complement one another, these strategies are not in all cases meant to be undertaken as a package.

Strategies are broadly grouped into four areas: funding, collaboration, consolidation, and transformation. A final strategy, the creation of a fourth TA, was investigated, but is not recommended.

Funding Strategies

Five funding strategies have been identified to support expanding TA membership in the region. These concepts reinforce several of the strategies proposed in the Transit 2.0 Task 2 report that presented legislative approaches to address the competing uses for local sales and use taxes.

F1. Create a voter-approved County/Multi-County Transportation Funding Area (TFA) to levy taxes or fees for transit and rail

Advance legislation to create a voter-approved County or Multi-County Transportation Funding Area (TFA) to levy additional property taxes or fees for transit offers TAs the ability to overcome the two cent sales tax limitations faced by Texas municipalities while also expanding funding on a countywide basis. Establishing a TFA would incentivize a regional approach to securing new revenue streams and could allow participating counties or cities to collectively approve, via referendum, dedicated funding for transit and rail through mechanisms such as property tax adjustments or special fees. This would reduce the pressure on individual municipalities to finance transit alone and help minimize the emphasis on fairness between jurisdictions that is a challenge for DART.

A secondary benefit would be a more equitable distribution of the costs associated with regional air quality conformity, a cost that is disproportionately carried by current TA member jurisdictions. Fiscal analysis is being performed under Transit 2.0 Task 8, *Develop Recommendations to Address the Transit Authority/Member City Paradox*, which will forecast costs and revenues.

In the long term, a TFA could establish metrics to measure progress of regional transit effectiveness, after defining strategies to create more cohesive regional transit.

F2. Alter the enabling legislation for TAs to become self-regulating taxing authorities

Unlike water districts, hospital districts, or community college districts, TAs are unable to self-regulate their own budgets. Instead, they are funded by static sales and use tax rates tied to the success of the regional economy and federal formula and grant funds, tied to periodic updates of federal transportation legislation and funding allocations, without the ability to go to voters for additional funding when needed. This means that increasing fares is the primary tool TAs in the NCTCOG region can leverage to obtain additional revenue, a proposition unlikely to be effective and with significant equity and ridership concerns.

In the long term, TAs may want to consider initiating legislative change to allow them to become self-regulating taxing authorities. Rather than remaining beholden to member jurisdictions, TAs could be reconfigured to seek ballot measures for funding at the local, county, or regional scale. This type of legislative change would require long-term planning and advocacy to attempt to build support from state policymakers.

TAs could be structured similarly to the Los Angeles County Metropolitan Transportation Authority (LA Metro), which includes on its board the five LA County Supervisors and representatives from the City of Los Angeles and other LA-County cities. Able to bring ballot measures to the LA County electorate, LA Metro has been able to secure long-term dedicated sales tax funding for its projects.

Altering enabling legislation for TAs would also provide an opportunity to reconsider the methods used to select TA boards. Currently TA boards are comprised of appointees from their member jurisdictions; to ensure that board members represent the will of the public, this system could be altered such that representatives are elected from each jurisdiction.

F3. Transition local sales and use taxes and/or other general revenues from non-transit uses to transit uses with NCTCOG support

Some jurisdictions in the NCTCOG region are open to dedicating a portion of their local sales and use taxes or other general revenues to transit but are constrained by existing obligations tied to those funds. These obligations, often for economic development, public safety, or infrastructure projects, make an immediate transition to transit funding challenging. However, NCTCOG and the RTC have a shared interest in expanding transit access regionally and can play a key role in bridging this gap.

To address this, NCTCOG or the RTC could establish agreements with interested jurisdictions to financially support and/or manage their existing financial commitments while allowing them to redirect a portion of sales tax or other general revenue toward transit. In one scenario, jurisdictions could transfer the revenue stream from their current sales tax commitments to NCTCOG, who would gradually "feather in" the redirection of funds to transit over time, though this would introduce significant complexity for local jurisdictions who may have to take on additional federal requirements if they receive federal funds or take on local matching requirements, so efforts should be made by NCTCOG to identify non-federal funding options. Alternatively, NCTCOG can continue providing funds to jurisdictions to support transit provision during a designated transit phase-in period.

A phased approach would allow constrained jurisdictions to transition their financial obligations at a manageable pace but would require a strong agreement between NCTCOG or RTC and the jurisdiction to ensure the process benefits all parties. NCTCOG or the RTC would also need to consider funding opportunities for TA member cities to ensure equity is maintained while NCTCOG funds transit service in non-member cities. Over time, there should be a plan for jurisdictions to take on the cost of transit provisioning entirely.

NCTCOG-Led Collaboration Strategies

NCTCOG-Led Collaboration Strategies aim to strengthen partnerships between regional transit authorities, jurisdictions, and NCTCOG itself to enhance coordinated transit planning across North Texas and mandate transit provisioning. Three proposals are discussed below.

C1. Facilitate field trips, workshops, and convenings for elected officials and decisionmakers from TAs and member and non-member jurisdictions

In jurisdictions that exhibit strong support for transit, the Transit 2.0 team found that elected officials and appointees on City Councils and Planning Commissions were often given opportunities to attend planning conferences or other regional and national events where they could learn about transit best practices and innovations in peer jurisdictions. In fact, in many of these interviews, stakeholders believed that jurisdictions without transit lacked an understanding of transit’s value and potential. The pillars identified in Transit 2.0 Task 5, *Develop Strategies to Foster Transit Authority Board Partnership and Teamwork*, outlines the broader role transit can play in each jurisdiction.

More effort should be made to demonstrate the value of transit to jurisdictions that are less knowledgeable of this topic or have only recently started to contend with the region's rapid population growth. Facilitating workshops and events for elected officials and decision-makers from TAs, member jurisdictions, and non-member jurisdictions can foster a stronger regional understanding of transit's role in North Texas by creating opportunities for open dialogue and enabling leaders to learn about regional transit needs and best practices directly from peers and experts. By providing structured, hands-on learning experiences and convenings, NCTCOG can help bridge these knowledge gaps and provide venues where jurisdictions and TAs can learn from their peers. This type of immersive engagement can build the relationships and insights needed to address shared challenges and explore regional solutions, fostering a more cohesive and informed approach to transit expansion across North Texas.

BEST PRACTICE: CHARGING FOR PARKING IN NEW JERSEY

When jurisdictions choose not to charge for parking, traffic problems like congestion, maintenance fees, and pollution are exacerbated. To ensure users pay their fair share for parking, Middletown, NJ charges permit fees for parking at their bus lots. In North Texas, TA member jurisdictions can consider charging fees for non-residents who use their park and ride lots to ensure those who are not obligated to pay sales and use taxes contribute to the broader system. This idea is expanded upon in Task 7. Review of Fare Collection Strategies to Increase Ridership Without Lowering Revenues.

C2. Require regional participation in a TA by a predetermined deadline to continue to receive discretionary funding from NCTCOG

NCTCOG is responsible for prioritizing and allocating funding for transportation projects in the region under various funding programs, including Congestion Mitigation and Air Quality (CMAQ) funds, Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG) flexible funds, Carbon Reduction Program funds, Transportation Development Credits, and Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Grants, Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities funds (for non-member cities within UZAs), Section 5337 State of Good Repair Grants, and Section 5339 Grants for Buses and Bus Facilities Formula Program. With such significant funding allocated at its discretion, NCTCOG could incorporate into the long-range metropolitan transportation plan, Mobility 2050, an assessment of

NCTCOG and RTC's ability to require regional participation in a TA to continue to receive discretionary funding from these and other sources. This is already included as part of NCTCOG's policy bundle to access Transportation Development Credits (TDCs) but may have opportunities for expansion.

Some of these funding sources, like CMAQ and Carbon Reduction Program funds, must support projects that have demonstrable air quality benefits. As TA member jurisdictions bear an outsized proportion of the costs associated with air quality conformity in the region, there is a clear case for prioritizing funding to jurisdictions that have demonstrated a commitment to regional connectivity and sustainability through transit investments. However, equity considerations exist on all sides of this issue, where roadway advocates and TxDOT argue for a fair share allocation of CMAQ funds across all modes and ownership paradigms. NCTCOG and RTC will need to discuss any potential changes to the way these sources are allocated across North Texas jurisdictions and analyze impacts to currently allocated funds.

C3. Require TAs to establish clear and accessible avenues for jurisdictions to obtain TA services via membership and long-term contracting

While DART's policy is the most restrictive of the North Central Texas TAs, in all three cases prospective jurisdictions are faced with varying levels of uncertainty regarding the cost and mechanics of initial provisioning of service and long-term funding sustainability. The three TAs should:

1. Have written policies dealing with service contracting that are easily accessible by non-member jurisdictions, with a menu of potential funding sources that can be accepted;

2. Share general cost estimate methodology and timelines for service provision by mode type, without restrictive deadlines for full membership; and

3. Document and publish its process for service planning and any minimum service levels or contract durations to achieve cost effectiveness.

By separating processes for fixed-route bus service and paratransit, senior and disabled mobility services, and microtransit, jurisdictions can make decisions around what type and level of service they can afford. Due to the complex and long-term planning that goes into rail system design and expansion, alternative long-term pathways to consider rail service should be provided.

Long-term goals for TAs should be to encourage jurisdictions to become members. In cases where jurisdictions cannot or are unwilling to commit sales and use taxes, TAs should have clear policies for long-term contracted service allowing jurisdictions to dedicate funds in an equivalent amount to sales and use taxes (one half cent for Trinity Metro and DCTA, one cent for DART) from alternative funding streams.

Figure 5 demonstrates the process TAs should develop and publish regarding increases for transit provisioning.

Figure 5: TA Membership Policy and Process Development

Policy and Process Development				Implementation	
Establish equitable new-jurisdiction funding levels amenable to existing members	Coordinate across TAs to ensure policy compatibility	Create or amend TA contracting and membership policies	Prepare and publish process guidelines for contract and membership service	Provide continuous contract service until full membership can be attained	Provide full membership once criteria have been attained

Questions:

- Is there a buy-in period? If so, how does a jurisdiction receive contracted service during this period? Does this method vary by mode?
- What methods, other than sales and use taxes, will the TA accept to achieve service levels equivalent to full membership?
- If funded by a method other than sales and use tax, is there a minimum service duration to which a jurisdiction must commit?
- How long does it take the TA to stand up a new service?

Questions:

- Do TAs have very different cost markups, waiting periods, or durations for contracted services? How can these be made more standard?
- For jurisdictions that could join or contract with one of two TAs, is one TA a notably better choice? How could this be avoided?

Questions:

- Should there be a role for COG to create a framework for a regional model?

Information to provide:

- Average time to stand up service provision (by mode)
- Information needed from prospective jurisdictions
- Priorities around regional connectivity
- Process for converting TA contracting into membership

Consolidation Strategies

Expanding transit provision on a jurisdiction-by-jurisdiction basis would be a slow and difficult way to improve regional connectivity beyond the current TA boundaries. The consolidation strategies presented here would require strategic direction from NCTCOG for regional consolidation in decision-making. Two strategies are proposed.

S1. Implement a "Devolution" process to transfer decision making for TA membership from TA boards to NCTCOG as a regional administrator

Implementing a "Devolution" process that transfers decision-making authority regarding TA membership from individual TA boards to NCTCOG would create a more consistent, regionally coordinated approach to expanding transit access. Currently, each TA sets its own policies for allowing contract cities, but these policies have not led to significant changes in regional membership or service availability—although there has been significant progress at both Trinity Metro and DCTA in allowing for creative provisioning of transit to cities unwilling or unable to commit sales and use taxes.

Under a devolution model, NCTCOG and the Regional Transportation Council could establish criteria for evaluating a non-member jurisdiction's eligibility for membership or contract services, shifting the decision-making process to a level that would consider broader regional transportation needs and priorities. This centralized approach, which goes further than the previously discussed collaboration strategy to "Require TAs to establish clear and accessible avenues for jurisdictions to obtain TA

CASE STUDY: THE REGIONAL NETWORK MODEL

The Metropolitan Transportation Commission (MTC) oversees regional transportation planning, financing, coordination and management, and integration with housing and development for the San Francisco Bay Area and its 27 transit agencies. These many agencies–the result of decades of community, state, and regional efforts–each have their own governance models and rely on different funding streams. For riders, this has long resulted in a disjointed experience when trying to traverse the region by transit. In February 2023, the MTC took a major step forward by adopting the Regional Network Management (RNM) framework to ensure these 27 operators function more like a single system, consolidating regional transit coordination. The vision of the RNM is to provide a unified regional transit system to serve all Bay Area populations. Three meeting bodies guide the RNM work at MTC: The Regional Network Management Committee that sets the regional visit for Bay Area transit, the Regional Network Management Customer Advisory Group that ensures riders are centered in the regional planning process, and the Regional Network Management Council that is populated by transit agency and MTC leadership to guide the operationalization of the RNM.

services via membership or contracting," would make it easier for cities to navigate the membership process and foster more consistent policies that encourage greater participation.

In the medium to long term, this shift in authority could empower municipalities to more actively pursue and use local option mechanisms (via local referendums) to fund their specific transit needs. The devolution process would enable jurisdictions to secure funding and define a baseline level of services that meets their community's needs within a defined funding horizon. Additionally, with NCTCOG serving as the regional administrator, this model would create a responsive, regionally informed entity capable of supporting the diverse needs of North Texas connectivity while promoting local planning and funding availability.

NCTCOG will need to assess their organizational capacity and capability to take on these additional responsibilities. In conjunction with the RTC, NCTCOG may need to evaluate alternative organizational structures for implementation of this suggestion.

Initial efforts by DCTA and Trinity Metro's to expand transit service beyond traditional member jurisdictions demonstrate progress, which may alleviate the need for this recommendation. However, if DART is unable to reach consensus on methods for the expansion of transit services, this strategy should be considered.

S2. Increase the role of NCTCOG in regional decision making to expedite and optimize regional coordination

NCTCOG is a voluntary association of, by, and for local governments, and was established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The RTC, however, has authority as the Metropolitan Planning Organization in US Title 23 and 49 and is required to implement a whole host of required administrative functions and services. However, decision-making on topics like TA membership, which impact broader regional connectivity, are left to the TAs. Because the current TA membership structure incentivizes TAs to prioritize planning within their jurisdictions—and rightly so, as TAs are obligated to spend funds within their jurisdictions—opportunities for regional collaboration are often missed.

Increasing the role of NCTCOG in these types of decisions could expedite and optimize regional coordination among existing TAs. Two potential options for this increased responsibility are discussed:

NCTCOG as Regional Manager: As a regional manager, NCTCOG could take on an official, direct, and formal responsibility in regional decision making. As a metropolitan areawide regional transit coordinator, NCTCOG could ensure that schedules between providers are synchronized, long-range planning among the modes and TAs is coordinated, and that there is a single regionwide fare policy.

NCTCOG Supporting Regional Management: This would involve an extension of NCTCOG's administrative role to include supervision and oversight of regional decision making. It would be less active than the Regional Manager role and would involve increasing the coordination activities that NCTCOG already provides to the region.

Similar to Recommendation S1, NCTCOG will need to assess their organizational capacity and capability to take on these additional responsibilities. In conjunction with the RTC, NCTCOG would also need to evaluate alternative organizational structures for implementation of this suggestion.

This recommendation is also included in the Task 4 report as it would support decision making for regional TA collaboration.

Transformation Strategies

The goal of NCTCOG and the TAs should be to make expanding access to transit for new jurisdictions as easy as possible while acknowledging the legacy investments and commitments of the current TA jurisdictions. Additionally, NCTCOG and the TAs should be mindful of the political and institutional constraints jurisdictions face.

The two transformation strategies described here should be considered in light of this goal.

T1. Implement a "balanced service levels by city" policy framework to clearly communicate funding allocation fairness to member jurisdictions

As recently proposed in a Dallas Morning News op-ed by former DART CFO and interim CEO David Leininger, a balanced "service levels by city" policy framework would allow member jurisdictions to cooperatively establish fiscal and social equity principles to guide service planning and delivery across member jurisdictions. By going through this process, TAs could set long-term targets for how financial resources would, over time, be directed toward transit provision or improvements in suburban jurisdictions and allow each member to more directly control the modes and level of service it receives while maintaining appropriate regional connectivity. By setting goals around services associated with ridership levels, TAs and member jurisdictions can develop a common language for their collective aspirations.

DCTA went through a similar process in 2019 and customized its service provision in each member city based on the modes desired by that member city. DART is currently facing similar scrutiny by its board regarding service allocations and spending; the exercise of setting collective goals using the "balanced service levels by city" approach could benefit all TAs. By clearly and publicly providing a roadmap for how services are and will be provided in each jurisdiction over time, TAs can demonstrate to current members and prospective members or contract jurisdictions that their needs will be handled in the framework of local and regional transit needs.

CASE STUDY: BALANCED SERVICE LEVELS IN UTAH

The Utah Transit Authority (UTA) charted goals to allocate 70 percent of resources toward high-ridership services and 30 percent toward coverage services in their Salt Lake and Timpanogos Business Units. In their Mount Ogden Business Unit, 60 percent of resources were allocated to high-ridership services and 40 percent to coverage services. By establishing these types of goals, UTA was able to effectively prioritize service planning in a way that clearly allows the agency to allocate resources like staff and vehicles to achieve agreed-upon goals instead. Similar efforts have been undertaken in the Seattle region and in Phoenix. ***By planning for service levels instead of dollars, jurisdictions and transit authorities in these areas have been able to more effectively prioritize riders*** *(UTA Service Choices Final Summary Report, June 2020).*

T2. Create an a la carte system for service provision

Member and non-member jurisdictions alike find the idea of a tiered revenue membership structure compelling. This tiered membership structure would allow jurisdictions to commit funds commensurate with the frequency and mode of service provided. Jurisdictions like this concept because it would allow them to obtain right-sized transit provision at a price that makes sense for their community, and allow them to establish baseline transit origin-destination (OD) patterns for long-term planning.

A potential disadvantage of this concept is its potential to further fragment modes of transit across existing member cities, especially where fixed infrastructure, such as rail systems, have not been implemented. This is particularly an issue for DART due to its existing, more stringent, policy structure for municipalities looking to contract for service, though impacts all TAs. While a la carte service provisioning could increase baseline transit provision, it also has the potential to fragment trips across one or more transfers, negatively impacting the customer experience. Current contract relationships between TAs and non-member jurisdictions are an analog for what this could look like.

A la carte service provision makes the most sense for contracted service only as part of a long-term contracted services arrangement and/or an on-ramp for full TA membership. If offered to help jurisdictions start with limited services and collect OD data through right sized microtransit, municipalities and TAs can start to optimize where different modes make the most sense within each service area. Over time, as demand grows and data is collected, jurisdictions could consider an expansion of services offered to the city and potential full membership status using alternative funding mechanisms. Any path forward with a la carte service provisioning would need to protect the investment and parity of current members, without creating a situation where current members subsidize new ones.

TA-Specific Strategies

A1. Assign the region's urbanized areas by TA to provide dedicated funding for transit

In Denton County, all UZA funding is received directly by DCTA to support its provision of transit. This has worked effectively in Denton County.

There are challenges with creating a one size fits all for this strategy since each UZA has a different composition. For example, in the Denton/Lewisville UZA, DCTA is the designated recipient of FTA Section 5307 funds, but not Section 5310 funds. These types of technicalities would need to be worked through before this concept could be meaningfully advanced across the region.

The most complex issue is the division of funding within the Dallas-Fort Worth-Arlington UZA which Trinity Metro and DART share with three other direct FTA recipients (Arlington, Grand Prairie, & Mesquite) and six FTA subrecipients.

A2. Incentivize DART to accept alternative methods of funding for longer-term transit provision

The state-mandated 2-cent cap on local sales and use taxes has effectively stalled the addition of TA members. NCTCOG can play a critical role in addressing this issue by pursuing legislative changes that could increase the cap and allow other local funding options (see the Task 2 Report, *Transit Legislative Program*, for additional concepts) or incentivizing DART to recognize and standardize alternative funding methods that enable non-member jurisdictions to access transit services without committing additional sales tax revenue. DCTA and Trinity Metro already accept alternative funds for long-term service, but by establishing consistent, transparent policies for service contracting and a “menu” of potential funding mechanisms, DART can make service provision more accessible to non-member cities.

While pursuing legislative changes, which is a long-term endeavor, NCTCOG can encourage DART to enshrine the acceptance of various alternative funding sources, such as Tax Increment Financing (TIF), Section 4B economic development sales taxes, or allocations from general funds, along with other innovative funding approaches, in their policies. Notably, this funding must be for longer time horizons, for example 10 years or more, to allow TAs to establish reasonable long-term financial plans; short-term contracting does not provide the predictability TAs need.

Incentives could include NCTCOG-provided technical assistance for new policy creation or tying award of discretionary funds to TA membership and contracting flexibility through a credit system, via performance-based funding allocations, or revised evaluation criteria.

NCTCOG could help level the playing field for non-members by encouraging DART to establish and publish reasonable and flexible contracting terms that consider the type of service requested. For instance, DART expects member jurisdictions to commit sales and use taxes to service for years before seeing service. While a long-term, full-cent financial commitment may be appropriate for the planning and construction of a rail project, shorter buy-in periods should be considered for bus or microtransit services that have lower infrastructure demands and costs and can be established and integrated into a regional network more quickly.

This strategy should be paired with recommendation C2, *Require regional participation in a TA by a predetermined deadline to continue to receive discretionary funding from NCTCOG*, to ensure that there are still incentives for TA membership.

Excluded Strategies

Two strategies were discussed throughout interviews and investigated in the Transit 2.0 team's research, but were excluded from consideration:

Create a Fourth Transportation Authority

The creation of a fourth TA was posited as a potential avenue for jurisdictions that are not currently TA members to join this new TA. This is particularly salient for the jurisdictions that border the DART service area, as DART's policy for contracting with non-member jurisdictions for service is constraining. A fourth TA could, in theory, be more flexible than DART in providing services.

However, no stakeholders interviewed supported the creation of a fourth TA or thought a new entity could more quickly or effectively provide transit to cities unable to join one of the existing TAs. Without statutory changes to allow TAs to accept alternative local option funding mechanisms, a new TA would face the same funding barriers the current TAs grapple with. In addition, a fourth transit agency would create another territorial boundary to navigate in deployment of interconnected transit services across the region. Instead, all stakeholders feel there should be a solution among the existing three authorities to implement policy changes to increase collaboration and address the need for transit expansion. For these reasons, the creation of a fourth TA is not a recommended strategy to increase regional TA membership.

Consolidate the Three TAs into One Regional Transit Authority

By consolidating the three TAs into one regional TA, there could be cohesive, consolidated management of regional transit provisioning across functional economic areas. By integrating regional transit planning, the new TA would be able to, without bias, plan for the current and future transportation needs of North Texas in a way that is most effective and sustainable for the region.

The consolidation of the three TAs into one TA would be able to develop, publish, and enforce a single membership policy across the region, presenting an opportunity for clearer communication around expectations with potential member and long-term contract jurisdictions. However, consolidation of TAs is not a means for increasing TA membership due in part to the long timeframe that would be needed to stand up this consolidated entity, which is in opposition to region's need to expand transit provisioning in the near-term. The possibility of consolidating the three TAs is therefore not recommended to help increase TA membership. This concept is discussed in greater detail in the Task 4 Report, *Develop Collaborations Between Existing Transit Authorities,* as a potential strategy to improve regional collaboration and planning.

5. Next Steps

The Transit 2.0 team recommends that the member and non-member jurisdictions and TAs in the NCTCOG region prioritize a sustainable, equitable funding model that helps expand transit services, increase ridership, drive regional connectivity, and improve the customer experience. To do this, TAs and NCTCOG can and should initiate legislative change so TAs can formally accept other local option funding sources for transit provision (discussed in detail in the Transit 2.0 Task 2 report, *Transit Legislative Program*). Alongside this, the TAs will need to adopt flexible funding policies that recognize long-term commitment of funds other than voter-approved sales and use taxes, which are no longer feasible for many jurisdictions. Member jurisdictions, having invested over time, also require assurances that any new funding model respects their contributions while opening pathways for other municipalities to secure transit services fairly.

Strategy Strengths Matrix

All strategies proposed in this report were evaluated based on four criteria:

- Ability to lower financial barriers to TA membership or contracting
- Ability to lower structural barriers to TA membership or contracting
- Ability to improve regional planning and connectivity
- Ability to make TA membership more valuable

Alignment with each of these criteria was rated on a scale of low, medium, and high alignment, depicted graphically as:

- Low alignment: ○
- Medium alignment: ◐
- High alignment: ●

The level of effort to implement was also rated on a scale of low, medium, and high effort, depicted graphically as:

- Low effort: L
- Medium effort: M
- High effort: H

The strategy strengths matrix serves as an at-a-glance snapshot of the strategies proposed in this report and where they may have differing abilities to improve access to transit for non-member jurisdictions. It is not meant to be a prioritization tool, as the strategies proposed in this report require variable degrees of regional change to achieve. For example, facilitating field trips and workshops is a low-investment effort that NCTCOG could undertake immediately to enhance the dialogue around regional transit provision, while creating a voter-approved TFA would require significantly greater political buy-in.

Figure 6. Strategy Strengths Matrix

Strategy	Description	Lowers Financial Barriers to TA Membership or Contracting	Lowers Structural Barriers to TA Membership or Contracting	Improves Regional Planning and Connectivity	Makes TA Membership More Valuable	Level of Effort to Implement
FUNDING STRATEGIES						
F1. Transportation Funding Area (TFA)	Create a voter-approved County/Multi-County Transportation Funding Area (TFA) to levy taxes or fees for transit and rail	●	●	●	●	H
F2. Legislation for Self-Regulating Taxing Authorities	Alter the enabling legislation for TAs to become self-regulating taxing authorities	●	●	○	○	H
F3. Transition dedicated sales and use taxes to transit	Transition local sales and use taxes and/or other general revenues from non-transit uses to transit uses with NCTCOG support	●	●	◐	◐	M
NCTCOG-LED COLLABORATION STRATEGIES						
C1. NCTCOG-led Convenings	Facilitate field trips, workshops, and convenings for elected officials and decisionmakers from TAs and member and non-member jurisdictions	○	◐	●	◐	L
C2. Require TA Participation	Require regional participation in a TA by a predetermined deadline to continue to receive discretionary funding from NCTCOG	○	●	●	●	M
C3. Require Clear Avenues for TA Participation	Require TAs to establish clear and accessible avenues for jurisdictions to obtain TA services via membership and long-term contracting	◐	●	○	○	L
CONSOLIDATION STRATEGIES						
S1. Devolution Process for Regional Decision Making	Implement a "Devolution" process to transfer decision making for TA membership from TA boards to NCTCOG as a regional administrator	○	●	◐	○	H
S2. Increase NCTCOG Role in Regional Decision Making	Increase the role of NCTCOG in regional decision making to expedite and optimize regional coordination	○	●	●	○	M
TRANSFORMATION STRATEGIES						
F4. Balanced Service Levels by City	Implement a "balanced service levels by city" policy framework to clearly communicate funding allocation fairness to member jurisdictions	●	◐	●	●	M
T2. A La Carte Service Provisioning	Create an a la carte system for service provision	●	●	◐	○	M
TA-SPECIFIC STRATEGIES						
A1. Assign UZAs to TAs	Assign the region's urbanized areas by TA to provide dedicated funding for transit	●	●	◐	●	M
A2. Accept Alternative Funding	Incentivize DART to accept alternative methods of funding for long-term transit provision	●	●	●	●	L