

CHAPEL HILL STRATEGIC AND FINANCIAL PLAN

Proposed Scope of Work

The overall objective of the Strategic and Financial Plan is for Chapel Hill Transit (CHT) to develop a strategic plan to guide future agency growth, development and investment. Doing this requires taking stock of existing resources, articulating agency strengths and weaknesses and considering the how CHT has grown and succeeded as well as ways that the agency has been less successful. Developing a strategic plan also involves evaluating different opportunities for positioning the agency for future growth and development, including different options for investment. A critical part of the strategic planning process, therefore, will involve evaluating if choices are consistent with community goals as well as understanding trade-offs associated with different actions. Once CHT's future direction is determined, the Strategic and Financial Plan will focus on identifying the staffing and organizational resources and funding required to realize CHT's vision.

1. Strategic Plan Kick Off Meeting

As a first task to the entire Strategic and Financial Planning process, Nelson\Nygaard recommends holding a kick off meeting. We will use the kick off meeting to refine the scope and hear staff's perspective, interests and insights into the process. We will also use the meeting to learn about available data and data formats and discuss the public outreach plan and opportunities. We expect to hold this kick off meeting as soon as possible after a notice to proceed is issued.

2. Development of a Strategic Plan - Vision and Goal Setting

- a. **Review Previous Studies Efforts** – review previously completed studies including CHT's recently completed Comprehensive Operations Analysis (COA), the Town of Chapel Hill's Vision 2020, Carrboro's planning documents, and UNC's Planning documents and other relevant projects. The purpose of this step is to understand work completed to date, collect existing information that supports CHT's future growth and development and assess opportunities and constraints. Findings will be incorporated into the State of the System report.
- b. **Inventory CHT Services and Resources**– inventory and evaluate CHT's transit services and resources to understand service development to date. System inventory will consider CHT service development (ridership by route), service trends and productivity, existing capital resources and facilities (including passenger facilities) and overall operations. Analysis will not be a comprehensive service analysis, but will focus on a higher level assessment of strengths, weaknesses and opportunities. Findings will be incorporated into the State of the System report.
- c. **Develop Market Analysis** – prepare (or depending on available data update) demographic analysis of CHT service area to understand underlying demand and opportunities for transit service development. As part of the market analysis we will consider land use plans, proposed development projects and projections for future growth. (Depending on available information, this may or may not be required.) Findings will be incorporated into the State of the System report.
- d. **Conduct Peer Review and Identify Best Practices** – as part of the strategic plan, the Nelson\Nygaard team will conduct a peer review to compare and contrast

CHT's development with a handful of similarly sized and positioned transit agencies. This analysis will help highlight and demonstrate CHT's successes, challenges and opportunities. We anticipate it will be a useful analysis in determining what can and may be accomplished. In addition to the peer review, we will also identify a handful of best practices that highlight new practices, products, investments and services that CHT may wish to explore as part of determining future development. Findings from these analyses will be incorporated into the visioning workshop as well as the State of the System report.

- e. **Collect Input from Stakeholders** – in addition to preparing a quantitative evaluation of CHT, the Nelson\Nygaard team will conduct a series of in-depth interviews with stakeholders (including staff, CHT board, CHT partners, elected officials and community members) to understand their perspective on CHT's strengths and weaknesses and hear their priorities for future development. Interviews will be conducted as confidential conversations so stakeholders can be frank and open about their experiences, perceptions and priorities.
- f. **Prepare Draft and Final "State of the System" Report** – the purpose of the state of the system report is to create a common understanding of CHT's current resources and position as well as identify and evaluate strengths, weaknesses, opportunities and threats. This document will be a critical resource for communicating agency strengths and accomplishments as well as opportunities and challenges facing future development. The draft report will be a starting point for the visioning sessions to be held with CHT leadership (see below) while final report will articulate the final strategic plan. We expect that the final State of the System report and Executive Summary will be a key document that both guides development of Chapel Hill Transit and communicates CHT's vision to the rest of the community.
- g. **Hold Two Workshops with CHT Leadership** – Nelson\Nygaard proposes to hold at least two visioning and goals setting workshops with CHT leadership:
 - i. The first workshop will be to present State of the System Report findings and use this information as a platform to engage participants. We will work with the group to help them articulate their vision and priorities for CHT development. Topics discussed will include:
 - 1. Stakeholder's priorities and aspirations
 - 2. Desired outcomes and the extent to which the vision contributes to Chapel Hill's Vision 2020 and Carrboro's community plan, as well as commonalities and differences in desired outcomes.
 - 3. Trade-offs associated with different priorities (what do choices mean in terms of what you can't do)
 - 4. Priorities into specific services, projects, and investments (what do choices mean in terms of what you are committing to do)
 - ii. Prior to second workshop, Nelson\Nygaard team will broadly research any questions raised during the conversation or any requests stakeholders may have for more information. Research may, for example, involve technical work collecting additional information on potential investments. Research may also involve collecting public input on different options and trade-offs.

- iii. Second workshop will be to refine agency vision and substantiate with goals and objectives and articulate with projects, programs and investments. Resulting vision may be a final vision, or depending on the interests of the stakeholders may be a draft vision for review and comment by members of the public.
- h. **Prepare Public Outreach Plan** – given the extensive public involvement work completed in Chapel Hill as part of the 2020 Comprehensive Plan, Nelson\Nygaard suggests working with CHT staff to prepare a public outreach plan. Outreach activities may be conducted to collect input into draft vision developed by stakeholders and staff. Potential strategies for outreach activities associated with development of a strategic plan may include (for example):
 - i. Holding focus groups with members of the public to preview proposed vision and hear their reaction and thoughts to proposed strategic direction. Number and composition of focus groups will be determined jointly by CHT and Nelson\Nygaard staff.
 - ii. Participate in existing community events meetings to present the draft vision to a broader audience and collect feedback. Location and number of meetings will be determined jointly by CHT and Nelson\Nygaard staff.
 - iii. Conducting an on-line dynamic exercise, similar to the one conducted for the City of Boulder, CO (www.bouldertransitdesign.com).
- i. **Finalize State of the System Report and develop Executive Summary** – finalize the State of the System analysis into a final report that reflects and articulates the recommended vision, goals and objectives developed by CHT stakeholders and members of the community. In particular, finalizing the state of the system report will identify a series of strategies, projects, services and investments that are expected as part of the articulated vision. At this point in plan development, the recommended course of action will be a draft list, pending the funding analysis. Nelson\Nygaard will also articulate the proposed recommendations into a concise and graphic rich executive summary for use with policy makers and members of the community.

Task 2 Deliverables:

- Draft and Final State of the System Report
- Two Board Workshops
- Public Outreach Task
- Development of a Strategic Vision for CHT

3. Organizational Assessment and Resources

CHT is considering the future of the its organization and staffing to ensure it is appropriately sized and structured to meet the existing needs of the organization and so that it supports a future strategic vision that is developed as part of this planning process. The desired end product is an organizational structure and staffing plan that is consistent with and supportive of that strategic direction.

To assemble such a plan it is important to first understand the current organizational structure and staffing, including documenting the structure, functions, strengths, opportunities, weaknesses and threats in the current organization as well as an assessment of the number of staff. That is given the size of the organization and the performed functions is there enough staff to carry out the basic functions of operating a transit agency.

- a. **Hold Organizational Assessment Task Kick-off** – Nelson\Nygaard recommends holding an internal meeting to review the objective and goals of the organizational assessment. Staffing assessments frequently have spoken and unspoken objectives; as a result, our team's success depends on understanding the precise and nuanced objectives of the effort. For example, is there a desire to set the overall staff level at some amount of FTE's, or is the objective to assess the current organizations' s ability to operate the system? Understanding this most foundational objective of the study will assist in the conduct of the study.
- b. **Document Organizational Structure** – as part of understanding existing conditions, Nelson\Nygaard will document CHT's current organization chart to ensure all the functions are accounted for, or at least that there is an understanding of what functions CHT may have decided to forego in favor of other priorities.
- c. **Conduct Confidential Staff Interviews** - while good information may already be available that detail the functions performed by each staff member of CHT (position descriptions, functional standard operating procedures, human resources rules), there is also the issue of understanding if that individual has specialized knowledge that is key to performing the function or other undocumented functions. For example, is the person who manages FTA Grants also able to manage FHWA Grants? Who knows about and ensures federal requirements such as National Transit Database reporting are achieved? Who oversees CHT's compliance with FTA regulations and guidance on Drug and Alcohol testing, Title VI compliance, Buy America, ensuring the agency is prepared fir Triennial review?

To understand the nuances of the actual functions performed by individuals, we will conduct a series of staff interviews. The interviews will be held in confidence so that information can be summarized but not attributed to any specific individual. We will use the interviews to develop a detailed inventory of agency expertise and capabilities that may or may not be tied to a specific job titles or roles. The inventory will finish with an assessment of the current organizational and staffing plan's strengths, weaknesses, opportunities and threats (SWOT).

- d. **Conduct Peer Review and Identify Best Practices** – as part of our staffing review, we will also compare CHT staffing levels, functions and practices with those of other similar transit systems. We typically conduct peer reviews by having Nelson\Nygaard identify approximate ten agencies we consider potential peers, and then work with CHT staff to winnow the list to five agencies for more detailed analysis. The criteria that would be used to identify peers will primarily be service delivery method (direct employees), agency organization (city versus transit agency), system size, service type, and cost structure.

Once peers are identified, the Nelson\Nygaard team will prepare a organizational assessment consistent with the information collected in Task 3.b, i.e., organization structure, staffing levels, which parties (for example, the transit system, a contractor, or another party) are responsible for different functions and recent ridership and

funding history. Based on interviews with each system, we will also provide an overview on each peer systems' view on which of its own organizational features work well and which don't. The focus of this task will be to identify typical and "best practices" at other agencies.

- e. **Develop Organizational Assessment** – Existing Conditions – using information collected in the previous tasks, Nelson\Nygaard will prepare a SWOT (strengths, weaknesses, opportunities and threats) analysis on CHT's existing organizational and staffing structure. (SWOT analysis will be compiled into a draft Organizational Assessment Report.) This assessment will include recommendations that reflect both the SWOT analysis and information collected as part of the peer review/best practices. Recommendations developed at this phase will include immediate and short-term actions designed to address current needs (if any).
- f. **Hold Board Workshop/Presentation** – The existing conditions phase of the organizational assessment will conclude with a presentation in a board workshop intended to provide a give and take on various aspects of the current organization and how it might be strengthened. Prior to conducting this workshop the SWOT analysis will be vetted with the Director and the Town Manager to ensure questions and issues have been fully addressed.
- g. **Evaluate Future Organizational Needs**—once CHT's strategic vision is developed (see Task 2), Nelson\Nygaard will continue effort on the organizational assessment to develop strategies to ensure the future organizational structure is aligned with this future vision. Key questions for the future assessment including examining if there are new functions implied in the agency's future strategies that require rethinking or strengthening the organization. For example, perhaps the agency lands on a strategy to aggressively seek out new park and ride by leasing existing lots. If this is not a current function, where does it fit best? What part of the organization and which staff should be responsible? How does the work get accomplished?

Outputs from this task will be used as inputs to both the Organizational Assessment Report and the financial plan. Inputs to the Organizational Assessment Report will provide insights into the future needs of the organization as well as a plan for when it is appropriate to make organizational and staffing changes. Recommendations will be indicative only, given the challenges associated with determining – with accuracy - the precise nature of the supporting organization for CHT 20 years in the future will be defined by this process. Nonetheless, the strategy will establish a foundation for future growth. Inputs to the financial plan will include any cost adjustments associated with new staff and developing new agency functions.

Task 3 Deliverables:

- Technical Memo on CHT's Existing Staffing and Organizational Structure
- Transit Organizational and Staffing Best Practice/Peer Review
- Board Presentation
- Assessment of Future Organizational and Staffing Needs
- Draft and Final Organizational Assessment Plan and Report

4. Strategic and Sustainable Funding Plan

Chapel Hill Transit is funded by a combination of federal and state resources as well as a fairly complex mix of local resources, comprising contributions from community general funds, institutional contributions, and a variety of local taxing mechanisms, including vehicle registration, local property and regional sales taxes. As a fare-free system, CHT does not charge users to use any of its services.

The objective of the funding plan will be to review each of these funding sources and evaluate the potential and longevity of these resources. Nelson\Nygaard will work with CHT staff to determine what else needs to be done to sustain existing resources and position CHT to fulfill the future agency goals and vision articulated as part of this issue. The resulting financial plan, therefore, will include both a short term action plan intended to strengthen CHT's current resources and a longer term plan for raising funds that will support future goals and directions.

- a. **Inventory Existing Funding Resources, Agency Budgets and Financial Projections** – while some of this analysis will be conducted as part of previous tasks, the Nelson\Nygaard team will develop a more detailed financial analysis of CHT's existing and future resources. The analysis will consider long term financial health of CHT in terms of meeting current obligations as well as opportunities and constraints associated with advancing new initiatives. Inventory will also consider previous efforts to raise revenues or diversity funding. Existing funding resources elements will be incorporated into the State of the System report.
- b. **Articulate Funding Needs** – As part of Task 1, Nelson\Nygaard team will work with CHT staff to build on the recommendations identified in the visioning task to determine what these recommendations mean in terms of total funding, timing/phasing of funding needs, potential funding sources and implications for overall implementation plan. We will use this task to identify total funding needs by type (operations, administration/planning and capital) and match them with a potential funding source (grants, local, federal/state). As needed we will also consider constraints and opportunities associated with individual potential funding sources. Task will also focus on articulating funding shortfalls and needs.
- c. **Best Practices Analysis** – Nelson\Nygaard team will conduct best practice analysis on how other transit agencies have diversified and raised revenues to support new projects and investments. Nelson\Nygaard team will work closely with CHT to identify similarly sized and positioned peers. We'll use this analysis to determine if there are additional funding sources or mechanisms that could be used by CHT.
- d. **Develop Draft/Final Funding Program** – in conjunction with funding needs, and our evaluation of potential funding opportunities, the Nelson\Nygaard team will develop a funding strategy. The funding program will be both an implementation and financing plan for how CHT can work towards its short and longer term vision. It will include funding sources by availability and uses and tie them to particular strategies, programs and investments. Funding program will be articulated into both a funding strategy (see sub task 3.f) as well as a quantitative tool (see sub task 3.e).
- e. **Develop Cost Model**—in addition to defining the funding strategy as a plan, the Nelson\Nygaard team will also develop a quantitative tool that combines financial projections by funding sources as well as considers restrictions on different funding sources. Cost model will allow CHT to understand implications of uncertainty

associated with different funding programs and adjust expectations based on different

- f. **Prepare Draft and Final Funding Strategy** – the Nelson\Nygaard team will compile the analysis and findings, including quantitative tools, into a draft and final Funding Strategy. As needed, we will also prepare PowerPoint materials so information can be clearly communicated to stakeholders and members of the public.

Task 4 Deliverables:

- Exiting Conditions Analysis – CHT Funding, Financing and Resources
- Best Practices Analysis
- Draft and Final Funding Program
- Cost Model
- Draft and Final Funding Strategy

5. Stakeholder and Public Outreach

Nelson\Nygaard will prepare a stakeholder and community engagement plan to ensure effective input is provided to each of the technical tasks. A draft plan will be prepared before the kick off meeting (see Task 1) so that the activities can be coordinated to support technical analyses. We expect, however, that the final plan will be negotiated with CHT staff so that the strategies and actions undertaken maximize meaningful input and reflect an efficient use of resource. That said we anticipate the outreach activities will likely include some combination of the following:

- a. **Stakeholder Interviews** – each of the three main technical tasks will involve conducting in-depth interviews with stakeholders. Depending on the task, the stakeholders may change, but in each case, they will include staff, board members, elected officials and community leaders. All interviews will be conducted confidentially to allow stakeholders to ensure a frank and honest discussion.
- b. **Board Workshops and Presentations** – Nelson\Nygaard proposes to hold at least two workshops with members of the CHT Board and other stakeholders as deemed appropriate by CHT staff. These workshops will be 2-4 hour meetings geared towards specific issues or tasks, such as developing and refining the agency vision. We also expect that members of the Nelson\Nygaard team will make multiple presentations to the CHT Board as requested by CHT staff.
- c. **Focus groups and surveys** – can be particularly effective at understanding the public's preferences associated with different trade-offs or choices facing CHT's future vision and service development. Trade-offs can be presented to small groups, such as focus group research, and/or as a survey to the broader community. Traditionally focus groups are used as a first step to survey development as a strategy to focus and articulate key issues.
- d. **Web-based and On-line Strategies**– Nelson\Nygaard team will prepare web-based tools to provide information, conduct outreach and solicit input from the broader community. Web-based tools can be particularly effective at collecting public input and ideas about different investments associated with the visioning exercise.

- e. **Traditional Public Meetings/Attend Existing Community Meetings** – as needed, the Nelson\Nygaard team will also hold traditional community meetings and/or participate in existing community meetings. These meetings may be held as part of the visioning exercise and/or towards the end of the project when draft recommendations are prepared.
- f. **Presentations to Elected Officials, Policy Groups and Community Groups** – the Nelson\Nygaard team will prepare meeting materials and make presentations to interested groups as deemed necessary by CHT and the CHT Board.

Task 5 Deliverables:

- Draft and Final Public Outreach Plan
- Public Outreach Activities

6. Final Presentation and Deliverables

Nelson\Nygaard included a final round of presentations and meetings with CHT staff, partners and community stakeholders, including up to three presentations. The purpose of this final round of meetings will be to communicate back with everyone who participated in the process and share final recommendations. We will anticipate that these final meetings will be a key transition point for CHT staff to build momentum in the community and start implementing the strategic plan and vision.

Task 6 Deliverables:

- Presentation Materials
- Up to three presentations

7. Meetings and Project Management

- a. **Regularly Scheduled Conference Calls** between Chapel Hill staff and the consultant team. Weekly conference calls may be necessary during key times of the project, but at other times bi-weekly calls may be sufficient.
- b. **Project Management Team Meetings** - meetings will be used to discuss study process and methods; debate key findings and review study deliverables. We anticipate meetings to be monthly, mostly timed with other on-site activities.
- c. **Prepare Monthly Progress Reports** documenting study progress and project budget status.