

2.5. Finance and Administration

Requirement

The contractor shall review (not a legal review) the draft articles of incorporation and bylaws for the rail authority. The contractor shall provide a recommendation regarding the timing and appropriateness of an authority's formation.

The contractor shall identify and provide examples of operating and access agreements that may be needed with GLCRR, AARR, CSX Railroad and station property owners. The contractor is not expected to review the agreement between the authority and MDOT.

The contractor shall identify and provide examples of the program management necessary to guide station planning, design and construction activities. The contractor shall recommend an organizational structure for business operations. The contractor shall make a recommendation on ticket sales systems, cash handling and management. The contractor shall recommend staffing plans and staffing levels as well as personnel qualifications. The contractor shall review the efforts to date and recommend a transition to ongoing operating service.

Discussion

RLBA has reviewed the articles of incorporation. They appear to be appropriate to establish and operate commuter rail service. Regarding timing of the authority's formation, RLBA believes that the authority should be formed allowing sufficient time in advance of commuter rail operations for the authority to establish a budget, and arrange for designation and training of staff to accomplish necessary administrative and operating functions to support the commuter rail operation. The exact date would depend on local policies and time requirements, for example, hiring of staff, whether in-house or by contract. A Wally Coalition official recommends formation of the authority sooner rather than later, in order to execute the various implementation actions.

RLBA is providing a copy of a Purchase of Service Agreement between Metra and BNSF. This agreement attached as Appendix A will serve as an example of the types of agreements Wally will need with its chosen service provider/railroad(s).

Identification and examples of program management necessary to guide station planning, design and construction activities is contained in the Subtask 2.2 report, Station Development.

RLBA suggests the following organizational structure:

- Executive Director

- Manager of Operations
 - Train Operations
 - Bus Operations
- Manager of Finance and Administration
 - Ticketing
 - Accounting
 - Information Technology
- Manager of Planning and Programming
 - Capital Projects
 - Government Relations
 - Public Affairs
- Manager of Customer Service and Marketing
 - Marketing and Advertising
 - Special Trains, Events and Group Travel
 - Public Education and Surveys

These are functions, not necessarily staff positions. Indeed, RLBA recommends minimum staff (to keep expenses reasonable) consistent with effective discharge of the functions.

In this organizational structure the Executive Director would report to the Wally Board of Directors. Most of the other tasks in the operation of Wally commuter rail service would be divided among four functional areas with a manager of each (or manager(s) of more than one functional area) reporting to the Executive Director.

RLBA recommends the use of Automated ticket vending machine (TVM) to sell single ride tickets at stations. The use of TVMs reduces labor cost by reducing staff requirements to sell tickets on trains while also removing cash-handling responsibilities from conductors and/or other on-board staff. Currently Nashville's Music City Star uses TVMs to sell only single ride tickets at stations. The Star prices all single ride tickets at TVMs at all stations the same, at \$5.00. This simplifies the TVM installation by allowing all machines to be the same in design and programming. Also the machines take credit cards, but only \$5 and \$20 bills. The Music City Star also offers about a dozen locations that sell monthly passes, ten-ride and single ride tickets. These locations include the local transit agency main office, city halls and numerous grocery stores. Another labor saving procedure would be to employ random inspection of tickets instead of having a conductor and/or assistant conductor punch, collect or inspect all passenger tickets. Under this system tickets are checked at random by roving inspectors. Monthly pass users must have a valid pass dated for the current month. Single ride and 10-ride ticket users must produce a ticket that has been validated for the date and time which they are riding. TVMs can perform this ticket validation function. How the Wally ticketing system should integrate with AATA buses is discussed in Task 2.6, Customer Service and Bus Interface.

Conclusions

Transition to implementation of commuter rail service would include the following:

- Establishment of an authority to manage the service
- Formation of this authority in time to arrange staffing and training
- Execution of operating and access agreement with the GLCRR
- Execution of agreement with CSX regarding priority dispatch through the Ann Pere diamond
- Execution of an agreement with Ann Arbor Railroad prior to use of that railroad's right of way
- Decision regarding, and implementation of, fare system