

November 30, 2017

Councilwoman Cindi Fowler  
Chair  
Public Works, Parks, Sustainability and Transportation Committee  
Louisville Metro Council  
601 W. Jefferson Street  
Louisville, KY 40202

**RE: PARC and TARC partnerships**

Dear Councilwoman Fowler:

The Louisville Metro Government FY18 approved budget included the following language: "*We request that PARC and TARC work together to explore the possibility of any synergies to improve services and reduce costs and report to the Sustainability and Public Works Committee by December 1 any partnerships they may be able to pursue.*"

PARC and TARC are working together on numerous existing partnerships and have been discussing additional possibilities. Our two organizations are pleased to present this response to the Committee.

Organizational Structures

PARC was established on August 24, 1966, by the City of Louisville as a public body politic and corporate under the laws of the Commonwealth for the purposes of aiding and assisting the City of Louisville in the overall redevelopment of the downtown Riverfront area. PARC is a nonprofit, nonstock public corporation, originally organized by the City pursuant to Section 58.180 and Sections 273.161 to 273.390, inclusive, of the Kentucky Revised Statutes, as amended ("KRS"), to act as the agency and instrumentality and the constituted authority of Louisville Metro in the acquisition and financing of public projects, including public parking and garage facilities located in Jefferson County, Kentucky and intended for governmental and public purposes, including specifically the purposes of creating or increasing the public recreational, cultural and related business facilities of Louisville Metro and the creation, improvement, revitalization, renewal and modernization of Louisville Metro's central business or shopping community.

TARC was created in 1971 after the Kentucky General Assembly in 1970 adopted specific legislation authorizing city and county governments in Kentucky to operate mass-transit systems using local funding. At the time, public transit was still being provided in Louisville by a private

entity, Louisville Transit Company. The Louisville Transit Company posted its first ever loss in 1971 and by 1972 the company announced it would cease operations on September 1, 1974. The city of Louisville began subsidizing fares in July 1973, but the subsidy was not enough to make Louisville Transit Company profitable.

In 1974, voters approved a referendum allowing for an increased occupational tax to fund mass transit. The occupational tax combined with federal grants provided the necessary funds for TARC to purchase the Louisville Transit Company, buy new buses, reduce fares, and extend new transit lines.

TARC is governed by the provisions of KRS Chapter 96A. Pursuant to KRS Chapter 96A, TARC is operated by an eight member board and is a distinct political subdivision that serves as an agency and instrumentality of Louisville Metro authorized to promote and develop mass transportation in Louisville Metro and adjoining areas. TARC's mission is to explore and implement transportation opportunities that enhance the social, economic and environmental wellbeing of the Greater Louisville community.

### Operations

The majority of PARC's assets consist of large real estate structures – parking garages. In comparison to TARC and other agencies of Louisville Metro, PARC has a limited amount of vehicles and equipment and is not a labor intensive operation. PARC enjoys strong credit ratings thanks to bond covenants and reserve requirements – Aa3 issued by Moody's and AA issued by Standard & Poor's. PARC's outstanding debt is approximately \$97,200,000. All revenues derived from parking fees are used to pay down PARC's debt as well as operational expenses. PARC bondholders have a first lien on the revenues that are derived from PARC's parking facilities with outstanding debt due through 2046. PARC's revenue streams pledged to existing bond debt are not available to support TARC or other endeavors. PARC has a legal obligation to bond holders to enhance revenues in a way that provides security and pays down bond debt.

TARC's operations and capital improvements are funded from various sources, including monies received from the occupational tax levy, federal grants, state grants and appropriations and revenues from fees charged to its riders. TARC is a labor intensive agency with employee compensation and benefits, including pension benefits, creating budgetary constraints for the agency. Approximately 13% of TARC's revenues are derived from passenger fees. TARC receives 61% of its funding sources from occupational tax. Federal and state sources provide the remaining funding for TARC operations.

## Challenges for Consolidation

An analysis of a potential consolidation of the two agencies presents clear financial and operational concerns for both organizations given current legal structures and financial commitments. To cite another recent local example, Louisville Water Company (LWC) and Metropolitan Sewer District (MSD), in their march towards the One Water shared structure, enjoy the ability to share a billing services and accounting system, call center and related infrastructure. PARC and TARC do not have similar synergies. TARC receives a significant sum from matching grants from the federal government while PARC derives all of its funding through parking fees, which are obligated to debt through 2046. The very disparate funding streams and financial obligations negate any potential savings.

Personnel presents another area of concern and limitations. Unlike the LWC and MSD, the majority of employees of PARC and TARC perform separate functions. PARC's employees consist of administrative staff, enforcement of on-street regulations, maintain parking meters, operate garages, maintain PARC's parking facilities, and provide security for PARC's customers. TARC employs administrative staff, dispatch staff, drivers and mechanics. PARC does not have their own fleet service, but utilizes Metro Fleet. Maintenance personnel with PARC are responsible for cleaning PARC garages, minor repairs of equipment and snow removal, all of whom are not properly trained to work on a public bus fleet. TARC maintenance staff are highly trained to perform routine maintenance and repairs on TARC buses and are over-qualified to perform the maintenance completed by PARC staff.

It is very unlikely that a significant savings in operating expenses would be achieved by combining the workforce. Unlike LWC and MSD, which have similar divisions, such as engineering, legal and billing, which may see cost reductions in merger of those two entities, TARC and PARC do not have similar overlapping divisions.

## Collaboration

TARC and PARC currently collaborate in several areas that positively impact our customers on a daily basis, including placement of bus stops and parking meters. PARC also provides enforcement services as it relates to cars parked illegally in bus stop areas and peak hour restrictions in the Downtown area. These regulations are critical to maintaining optimal traffic flow and service. Additionally, the two agencies partner to provide more efficient transportation solutions for Louisville. A prime example is the service offered during the St. James Art Festival – parking and a bus shuttle service is provided for the festival, an annual tourist and cultural attraction, for a fee of \$6 per carload, which includes both parking and bus transportation. Parking garage space is also being provided at the Glassworks Garage, free of charge, to house charging equipment for TARC's ZeroBus, an all-electric downtown circulator service. The two agencies are also considering the use of the same app for parking meter and bus fare payment and trip planning.

As Louisville continues to grow, there will be more opportunities for PARC and TARC to work collaboratively. Future collaborations could include new Park and Ride facilities associated with new bus rapid transit lines, variable parking price strategies to encourage transit use, and installation of TARC kiosks in PARC garages to facilitate the roll-out of electronic fare cards. Additionally, the two agencies will need to collaborate as Louisville continues to build a multi-modal transportation network with an expanded bike network and new transit technologies (e.g., bus rapid transit on Dixie Highway). Relatively simple changes like introducing new peak hour restrictions to facilitate TARC's current express routes represent an opportunity PARC and TARC can explore to address the city's overall goal, identified in the *Move Louisville* plan, to reduce vehicle miles traveled.

### Conclusion

PARC and TARC are very interested in enhancing Louisville's quality of place and multi-modal transportation through high quality transit and parking experiences for workers, visitors, and residents. We both feel this can continue to be achieved through the working relationship we currently enjoy while increasing collaboration and coordination when making investments to encourage more transit use, reduce vehicle miles traveled, and continue to provide parking supply.

As previously indicated, there are several instances where the two agencies work together on a daily basis to enhance Louisville's transportation network. Many new opportunities will present themselves based on Louisville's economic growth and new technologies. PARC and TARC will continue to work together to ensure Louisville's precious transportation dollars are used to move people throughout the city safely and efficiently.

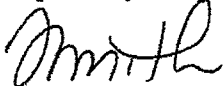
PARC and TARC are two agencies that derive their powers and authority differently. PARC derives its powers and authorities directly from Louisville Metro and the 7 members of the PARC board. TARC's power and authority is derived directly from the state statute that allows for a transit authority to be established by local governmental agencies. Consequently, a full consolidation would likely necessitate amendment of certain state statutes, potentially threaten current revenue, and present deep concern about current debt.

Further, consolidation of PARC and TARC would not improve revenues to enhance transportation services in the Louisville Metro. As stated above, because of PARC's bond covenants and TARC's need to apply for matching federal grants, consolidation of the two agencies' revenues and expenses may prove problematic to achieve.

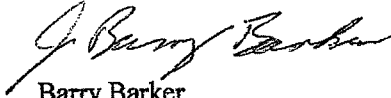
We recommend that PARC and TARC continue to explore and implement collaborative efforts to achieve the common goal of ensuring all those moving around our city, either by transit or by cars, can do so safely and efficiently. We owe it to our citizens to encourage all modes of mobility: transit, biking, walking and parking when citizens choose to drive.

PARC and TARC have a great working relationship and collaborate whenever possible. From a national perspective, the collaboration between the PARC and TARC is more robust than the relationships between many other parking and transit authorities. The two agencies are committed to ensuring continued collaboration and coordination on any opportunity that presents itself for the two agencies to collectively work together to improve Louisville's mobility goals.

Respectfully,



Tiffany Smith  
Director, PARC



Barry Barker  
Director, TARC

cc: President David Yates  
Councilman Brandon Coan  
Daniel Frockt  
Mary Ellen Wiederwohl