



TRANSIT MEANS BUSINESS

CASE STUDIES IN TRANSIT

CONNECT
HAMPTON ROADS

IN 2015, HRT SERVICES ALLOWED
THE **REGION TO AVOID 45 MILLION**
VEHICLE MILES TRAVELED ON ROADS.

Source: Economic Development Research Group, Inc. Economic and Societal Impact of Hampton Roads Transit. 2016.



PUBLIC TRANSPORTATION

Effective public transportation reduces traffic congestion. It connects workers to jobs, students to classrooms, and customers to businesses. For some citizens, transit is an economic lifeline. It provides access to employment, healthcare, shopping and other opportunities that are essential to good quality of life and being productive in society. **While you may never ride public transit, chances are you depend on someone who does.**

The presence of public transportation in Hampton Roads – and the potential of future transit investments to Connect Hampton Roads® with a more robust regional system – translates into direct, indirect and induced economic impacts and benefits for the region.

With support of The Virginia Department of Rail and Public Transportation and national experts at Economic Development Research Group, this year the first-ever study of regional economic impacts and benefits of transit in Hampton Roads was completed. This booklet contains some key findings.

With just over \$100 million in annual transit operating and maintenance investments, Hampton Roads Transit (HRT) services today support over 20,300 jobs and \$1.5 billion dollars annually in regional economic output (includes direct, indirect and induced).

Transit's role is evident across multiple sectors of the economy. This includes higher education, hospitality and tourism, healthcare, shipbuilding and repair, and niche industries like customer call centers. It also supports ongoing economic development and “placemaking” activities concentrated in areas like Downtown Norfolk.



TRANSIT-ORIENTED PLACEMAKING IN HAMPTON ROADS

Dynamic, dense activity centers often represent the pulse of an urban area. Such places incorporate a diversity of activities and amenities including office, retail and residential uses, public spaces, arts and culture, public transportation, building density, and walkability. Strategic placemaking typically results in substantial job creation and income growth.

Further expanding the availability of high-quality transit across the region will help support placemaking efforts of individual jurisdictions throughout Hampton Roads.

Downtown Norfolk, Virginia Beach Town Center, and Peninsula Town Center are three examples of locations actively engaged in some level of placemaking to enhance the region's competitiveness.

Downtown Norfolk has been able to capitalize on its established urban environment and was the first city in the region to make a transit-oriented placemaking vision a reality with the introduction of The Tide light rail. Developers and businesses in Norfolk have opted for fewer parking spaces because of the diversity of amenities within a short distance of each other in a relatively safe, friendly pedestrian environment that also has

convenient, high quality transit options. It is evident placemaking in Downtown Norfolk is succeeding.

Fortune 300 company Automated Data Processing (ADP) recently announced it will be opening a center in Norfolk. At a recent Transit Means Business Forum, Perry Frazer, Managing Director at CBRE Hampton Roads, discussed how ADP actively evaluated multiple markets. Key questions that businesses like ADP are asking include: Where do recent college graduates want to live and work? Is the location central to the region? How do people commute and is the region linked by quality mass transit? Is the region thinking to the future, and are there plans for further improvements to the transportation network?

In Virginia Beach, Town Center is situated in one of eight strategic growth areas targeted by the City to absorb the majority of future growth. Town Center is growing into a mixed-use urban center with offices, retail, entertainment and residential development all placed within a 17-block/25-acre area. While most residents travel to Town Center by automobile, the City hopes to create walkable and bikeable environments and ultimately become a more transit-accessible place.

**JULIE, RESIDENT AT
BELMONT AT FREEMASON:**

“I usually use the light rail four to five times a week to get to work. I only use my car if I have an appointment after work. That was another factor in choosing the Belmont at Freemason apartments since the rail was right there for me. I have enjoyed using it. I don’t have to pay for parking downtown where I work. It is very convenient for me.”



According to the City of Virginia Beach Pembroke SGA Website, “The vision for the Pembroke SGA is a central urban core with a vertical mix of urban uses; great streets, mobility and transit alternatives; urban gathering places; environmental and neighborhood preservation and enhancement, green buildings, and infrastructure opportunities providing a variety of civic, commercial, artistic and ethnically diverse areas.”

The City of Hampton is working to create its own thriving mixed-use activity center at Peninsula Town Center (PTC). This updated outdoor shopping and office center includes many of the shops found in an indoor mall, but has also attracted Faneuil, Inc. call center and Bryant and Stratton College.

Faneuil reports that 25-30% of its workers commute by transit. The manager of PTC reports that retailers often ask about transit when considering leasing space.

Both Virginia Beach Town Center and the Peninsula Town Center are working to create multi-modal activity nodes that can attract residents, employment and recreational opportunities. Creating more density, encouraging mixed-use developments, and managing parking supply will all complement the introduction of high-quality transit options.

Further expanding the availability of high-quality transit across the region will help support such placemaking efforts throughout Hampton Roads.

SHIPBUILDING AND REPAIR

Founded in 1886 as the Chesapeake Dry Dock and Construction Company, Newport News Shipbuilding has been manufacturing ships in Virginia for 130 years. It is Virginia's largest industrial employer, occupying 550 acres along 2.5 miles of waterfront on the James River.

With current local employment of about 19,000 workers, the shipyard's economic impact on the regional economy extends well beyond these jobs to include indirect and induced jobs. When these are considered, current shipyard employment supports an estimated 41,000 jobs and \$8.4 billion of output in the region, according to Economic Development Research Group.¹

This diverse and talented workforce represents a range of skills, from high technology based trades and electricians, to welding and logistics. Most require specialized skills and training. The shipyard has approximately 15,000 employee parking spaces. Managers are assigned spaces, but laborers compete for spots on a first-come, first-serve basis. Wayne is one example.

A 14-year shipyard veteran and current shift manager, Wayne commutes 35 miles to work every day. He has a reserved parking spot but he chooses transit. "It's convenient," he says. Until 2009, Wayne drove every day.

When gas prices increased substantially, he switched to transit. He drives 5 miles to a park-and-ride lot where he catches HRT's express MAX bus that lets him off right in front of his work site.

Wayne briefly went back to driving when gas prices fell. But he discovered that transit still beat the price of driving when he also considered wear and tear on his vehicle. By not driving, he could read on the bus, eliminating stress and personal time lost when driving in congested traffic. This more productive use of time is particularly important to Wayne because he commutes through the tunnels which are often congested.

"With a few additional tweaks to the bus schedule, even more shipyard workers can be enticed to commute by transit," he says. "If it helps my workers get to work easier and safer, I'm all for it."

One successful option is to expand transit system access through HRT's GoPass365 program. These passes are used by all levels of shipyard employees. In 2015-2016 fiscal year, the shipyard purchased 1,250 passes for \$200 each to provide unlimited transit system access. Passes are provided free-of-charge to employees (on a lottery basis for new pass holders) who are expected to use passes at least ten times per month. The collaboration between HRT and the shipyard is paying off. Recent



Photo Courtesy Huntington Ingalls Industries

statistics show average monthly shipyard transit ridership of 23,428 trips.

Meanwhile, HRT has aligned bus schedules to better synchronize service with the shifts at the shipyard, and has moved bus stops to make them more accessible. HRT provides several stops along the shipyard, dropping workers off close to work sites. In turn, the shipyard has worked to better schedule meetings to ensure that workers can make their bus connections. The shipyard advertises the availability of transit in its monthly newsletter.

Experiences at Newport News Shipyard are a telling example of the power of targeted policies aimed to support transit ridership. As a result of parking limitations, the GoPass365 program, a culture of transit support among shipyard management, and efforts by HRT to match service to the shipyard's operational needs, the shipyard is achieving transit use by employees at all levels. The provision of transit not only improves worker quality of life and saves employees money; it also has helped avoid costly investments in structured parking.

¹ Estimates derived using the IMPLAN economic modelling system, with a direct effect of 19,000 jobs.



IF HRT SERVICES
WERE NOT AVAILABLE,
**COMMUTERS WOULD
SPEND AN ADDITIONAL
\$13.5 MILLION** ON
VEHICLE OPERATING
COSTS.

Source: Economic Development Research Group, Inc. Economic and Societal Impact of Hampton Roads Transit. 2016.

HIGHER EDUCATION

A 2014 regional report on workforce development, preceding the launch of Reinvent Hampton Roads, said that “a robust system of education and training that continually develops the capabilities of people of all ages and backgrounds” is essential to Hampton Roads’ success. The region has tremendous assets in this regard.

More than 100,000 students attend area schools on either a full-time or part-time basis. Collectively, these institutions produce about 25,000 graduates annually, according to the Hampton Roads Economic Development Alliance.

Schools do more for the regional economy than workforce training and helping attract and keep talented young people in the region. They also provide significant direct employment and spur broader economic activity.

The diversity of economic activity in higher education as a sector is matched by its complex range of transportation needs. This includes connecting students to classrooms, as well as workers to jobs.

Access to Educational Opportunity

An estimated 20% of Hampton Roads Transit riders are full-time or part-time students at a college or university. They also make up nearly 32% of all light rail riders.

Tidewater Community College (TCC) is one example where transit plays a key role in providing access to educational opportunity. A 100 percent commuter college, TCC reports upwards of 30,000 transit trips by students each month through HRT’s GoPass365 program. Currently, six area schools participate in this program.

Supporting Workforce Success

Higher education supports a broad range of jobs. Notably, according to researcher Michael Porter at Harvard Business School, “Roughly two-thirds of jobs at colleges and universities... represent non-faculty administrative and support staff.”¹

Indeed, higher education participants in this regional transit economic impact study emphasized transit use is most prevalent among staff in housekeeping, landscaping, food service, and lower level administrative positions. In these instances, transit is supporting employment opportunities for residents from a variety of education and experience levels. These workers not only help make schools function but support additional economic activity through household spending. Transit is here to help make this economic activity possible.

¹ Porter, Michael, “Colleges and Universities and Regional Economic Development: A Strategic Perspective.” Forum Futures 2007.
<https://net.educause.edu/ir/library/pdf/ff0710s.pdf>

HEALTHCARE

The Eastern Virginia Medical Center is a leading hub of medical care in Hampton Roads. It hosts the region's only Level I trauma center, a nationally recognized cardiac healthcare system, a children's hospital and a medical school. It's also a major supplier of parking spaces.

Sentara Norfolk General Hospital alone pays approximately \$1,000 per year per employee for parking, and parking is becoming increasingly scarce on a site that is bounded by a river, neighborhoods and roads.

Pressures to find space will mount as health care jobs are growing faster than overall employment in Hampton Roads. Employment increased by 2% annually in Hampton Roads between 2010 and 2015, compared to 0.3% overall. Regionally, health care provides 10 percent of all jobs. Fortunately, this medical campus is served by transit bus and light rail connections.

Kurt Hofelich, President of Sentara Norfolk General, estimates that approximately one-third of the hospital's workers commute using transit and he says Sentara Norfolk General would like to increase that amount. Hofelich notes the hospital is looking at the cost of providing transit passes for employees rather than building another garage. This is similar to the experiences of Newport News Shipbuilding, another large employer who has found that options like providing transit passes through HRT's

GoPass365 program to expand the use of public transportation is more economical than building costly garages.

Diane is a nurse who has worked for over 25 years at Children's Hospital of The King's Daughters and is the kind of employee that hospital planners embrace because she is a committed transit rider. "If I could ride transit every day, I would," she said. "I save money on gas and traffic is getting worse all the time. Also, it's kind of nice when I can ride the light rail because I have to walk to the station so I get some exercise in."

When her job required regular trips between offices on Kempsville Road (near the Newtown Road Station) and the Fort Norfolk/EVMS area (just west of downtown), Diane said she commuted two to three times a week using The Tide light rail. "Riding The Tide gives me time to read, relax and avoid the traffic." Diane's story is one example of how access to quality transit supports the healthcare sector across Hampton Roads – for employees and for patients.

Children's Hospital of the King's Daughter management estimates that 5-10% of workers use transit across the CHKD regional network. Diane's story is one example of how access to quality transit supports the healthcare sector across Hampton Roads – for employees and for patients.



DIANE, 25TH YEAR AS NURSE AT CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS:

“If I could ride transit every day, I would. I save money on gas and traffic is getting worse all the time. Also, it’s kind of nice when I can ride the light rail because I have to walk to the station so I get some exercise in.”

Healthcare employers report that the largest number of workers using transit are nursing assistants, food service workers, and janitorial staff. Diane’s job is one of many in the healthcare industry – from doctors and nurses, to technicians and support occupations, to janitorial and food services staff. This diversity means that average wages within the industry obscure the true picture of income for some of the critical support roles that make quality healthcare possible.

Among non-managers, 78% in the healthcare industry nationally earn less than \$40,000 annually and 41% earn less than \$25,000 (compared to 47% and 24% for the overall workforce, respectively).

Lower wages often mean that workers do not have access to an automobile and must rely on transit, taxis, or rides from friends and relatives to get to work. Similarly, patients who do not own automobiles must rely on alternative travel modes to access healthcare facilities. According to a 2012 system-wide survey in Hampton Roads, 2.5% of all transit trips are for the purpose of a medical appointment.

“The role that transit plays in relation to our business is a great example of the fact that, though we may not all be riding public transportation, chances are we or someone we care about relies on people who do use it,” says Dr. Jose Rodriguez, of the Hampton Roads Community Health Center.

CALL CENTERS AND CONTACT CENTERS

Competitiveness in the global economy means Hampton Roads must diversify. This requires growth outside of the mainstay sectors of tourism, the ports, and the military. Industries like modeling and simulation, healthcare and bio-tech are promising. Another niche business category that is well placed to succeed in Hampton Roads is customer contact and call centers. According to experts at Site Selection Group, currently “the Southwest and Southeast are the hottest market for big [call center] projects.”

Call centers typically handle voice calls only, while contact centers handle customer contact through a range of telephone and electronic media. These centers may focus on sales, customer service, or technical assistance, areas that represent core business functions for many businesses.

Wage rates generally range between \$10-15/hour, and employee attrition rates are among the highest of any business category. This means access to a large labor force with necessary skills is essential. Call centers provide employment opportunities to the significant number of regional residents who do not have a bachelor’s degree. The large numbers of military spouses in Hampton Roads, many of whom look for full-time or part-time work, also provide a ready labor pool.

Transit Connects Call Centers and the Workforce

Like most businesses, the most important component to success for call centers is people. Public transportation helps connect them to the workplace.

The wage and employment profile of call centers means many workers do not own or have access to an automobile. These employees frequently rely on transit or rides from friends or relatives.

IBEX Global is one example. “IBEX Global operations in Hampton rely on a workforce of about 500 employees. Many of them rely on transit every day to access the worksite,” says Eric Green, Director of Operations for IBEX, Global in Hampton. Green adds, “It is imperative they have reliable, accessible commuting options, like local bus service.”

Faneuil, Inc., headquartered in Peninsula Town Center, is another case. Faneuil provides business processing solutions and manages customer service for both private and government sector entities. The company relocated its headquarters to Hampton in 2007. This site employs approximately 250 people, with plans to expand operations to add 170 more positions.

¹ Brauchle, Robert. “Faneuil announces Peninsula Town Center expansion.” Daily Press. January 2015. <http://www.dailypress.com/news/hampton/dp-nws-faneuil-reception-20150116-story.html>

Faneuil's decision to locate at Peninsula Town Center resulted in better workforce accessibility. Four bus routes serve the immediate vicinity, compared to their previous location that less connections and just one stop a considerable distance away from the facility. The firm has witnessed increased transit ridership by employees, up from 10 to about 30 percent.

When transit is not available, absenteeism, tardiness, and employee turnover all increase, resulting in a real business costs to employers like IBEX Global and Faneuil, Inc.

Good transit access, on the other hand, can increase the labor market area from which firms can attract workers, thus increasing the pool of potential qualified workers. Labor market access helps the industry remain competitive by keeping training costs and turnover manageable, while increasing customer satisfaction through a better matching of available labor and desired skills.

The Hampton Roads Economic Development Alliance estimates there are upwards of 40 locations in the region servicing as call centers in some capacity. HRT services enable call centers to access their employment base and allow call center employees to hold these jobs, thus enabling broader economic participation.



A group of five diverse professionals (three women and two men) are standing in a warehouse or industrial setting. They are dressed in a mix of casual and business-casual attire. The woman on the far left is wearing a green t-shirt and jeans. The man next to her is wearing a blue button-down shirt and jeans. The woman in the center is wearing a red jacket over a white top and jeans, holding a white hard hat. The man next to her is wearing a red and black plaid shirt over a grey t-shirt and jeans. The man on the far right is wearing a white dress shirt, a dark tie, and grey trousers. The background shows industrial shelving and equipment.

HRT SERVICES
SUPPORT OVER
20,300 JOBS &
\$548 MILLION
IN EMPLOYMENT
INCOME ACROSS
HAMPTON ROADS.

Source: Economic Development Research Group, Inc.
Economic and Societal Impact of Hampton Roads Transit. 2016.

CONNECT HAMPTON ROADS® IS AN EMERGING INITIATIVE WITH THE POTENTIAL TO SIGNIFICANTLY IMPROVE HOW WE CONNECT PEOPLE AND PLACES ACROSS OUR REGION.

Its overarching goal is to support outcomes that are essential to the region's long-term success:

- Meet current and future demand for travel options other than driving and being stuck in traffic
- Support the region's workforce and families
- Attract and retain businesses
- Diversify the regional economy

Through collaboration and a willingness to drive a bold new agenda forward, stakeholders across Hampton Roads can work together to develop and implement a robust, high quality regional transit system. This will greatly increase access to employment centers, shopping and entertainment locations, hospitals, college campuses, cultural centers, and other activities.

How much of an impact do you believe an improved public transit system would have on local economic growth?

Take the 2016 Connect Hampton Roads® short survey now at **ConnectHamptonRoads.com**.

Visit **connecthamptonroads.com** to learn more.

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