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Programming and Allocations Committee
October 8, 2008
Minutes

Chairperson Tissier called the meeting to order at 10:15 a.m. Committee members in attendance were Commissioners Glover, Bates, Cortese, Kinsey, MacKenzie, Sartipi, Dodd, Haggerty, Chu, Giacomini, Halsted, Lempert, Rubin, and Worth.

Consent Calendar

The Committee approved the following consent items:

- Minutes of September 10, 2008 meeting as submitted.
- Revisions to the First Cycle Lifeline Program of Projects. MTC Resolution No. 3788, Revised.
- Revisions to Federal Transit Administration (FTA) Section 5311 (Nonurbanized Area Formula Transit Funds) Program of Projects. MTC Resolution No. 3733, Revised.
- Revisions to FTA Section 5310 Elderly and Disabled Specialized Transit Program FY 2007-08 Regional Priorities. MTC Resolution No. 3865, Revised.
- FY 2008-09 AB 664 Bridge Toll Program and Allocations. MTC Resolution Nos. 3855, Revised, and 3872.
- Revisions to Lifeline Transportation Program Guidelines and Second Cycle Funding for FY 2009-11, MTC Resolution No. 3860.

The Committee also received the Quarterly Report of Executive Director's Delegated Authority Actions as an information item.

State Programming

- FY 2008-09 Fund Estimate Revision and FY 2008-09 State Transit Assistance (STA) allocations. MTC Resolution Nos. 3845, Revised and 3851, Revised.

Theresa Romell, Programming and Allocations, provided a revised handout to reflect a revision to the Fund Estimate and State Transit Assistance (STA) allocations. The Fund Estimate includes the actual FY 2007-08 and final enacted STA figures based on the recently enacted state budget. Theresa stated that the Bay Area's share of revenue-based STA funding increased from 51% of state wide funding to 53%. The region's population-based share remained at 19%. The final statewide STA figure for FY 2008-09 is \$306 million; \$215 million is from Proposition 42 revenue and \$91 million represents base STA funding. The final budget eliminates all spillover revenue, now projected at \$1.2 billion statewide due to higher than expected growth in fuel prices.

Theresa noted that the Bay Area STA funding level has decreased by approximately by \$152 million as compared to the Fund Estimate adopted in February that had been based on the Governor's January budget.

Because the Fund Estimate includes the consolidated policy, inter-operator agreements, and transit coordination distributions, there were several revisions to reflect the final enacted STA figures. In particular, two agreements related to spillover – MTC Resolution 3814 distribution and the Samtrans spillover transfer element of the Samtrans/BART Settlement agreement – are delayed because of the absence of Spillover for the STA program.

The Committee approved staff's recommendation to forward MTC Resolution 3845, Revised and 3851, Revised to the Commission.

Regional Programming

- Triennial Performance Audits of various operators.

Christina Verdin, Programming and Allocations section, introduced Subhash Mundle of Mundle & Associates, the consultant under contract to MTC for the performance audits, and provided background on the Triennial Performance Audit process. Mr. Mundle described the requirement of the Transportation Development Act (TDA) that MTC administer triennial performance audits of transit operators in the region. The operators are divided into three groups, with one group audited each year on a three-year cycle. Audits for this cycle include AC Transit, BART, Sonoma County Transit, Santa Rosa CityBus, Petaluma, Healdsburg, and County Connection.

The audit requires that the operators maintain and publish goals and objectives and related performance measures and standards. Mr. Mundle provided an overview of the two audit phases. Phase 1 covers compliance related issues that are required to be covered according to TDA statute and includes review of data collection activities, analysis of five TDA performance indicators over a 6-year period and statutory compliance. Phase 2 evaluates actions that operators have taken to implement recommendations of the prior audit; reviews goals, objectives and performance standards that the operators used during the audit period; and makes recommendations based on the findings.

Mr. Mundle reviewed performance trends, which generally showed operating cost per hour increases that exceeded the increases associated with the consumer price index for the same period. Further, Mr. Mundle compared changes in operating cost per hour, or cost efficiency, with peers in California for bus operators and throughout the country for BART. The comparisons showed that the cost per hour increases for Bay Area operators were either about equivalent to their peers or exceeded their peers.

- Regional Measure 2 (RM2) Operating Program Update and allocations. MTC Resolution No. 3863, Revised.

Alix Bockelman, Director of Programming and Allocations, updated the Committee on final FY 2007-08 RM2 operating performance and the staff recommendation to discontinue funding for six routes that did not meet the established performance measures based on the Commission's existing RM2 performance policy.

The six routes include:

- CCCTA – Route 820 (Oakland, Orinda & Concord BART)
- AC Transit – Route J (Berkeley, Emeryville, SF Transbay Terminal)
- Golden Gate – Route 75 (San Rafael, Santa Rosa)
- AC Transit – Route M/MA (UC BART, Dumbarton, San Mateo bridges, Hayward)
- LAVTA – Route 810 (Livermore, Dublin, Pleasanton, Bay Fair)
- ECCTA – Route 300 (Pittsburg/Bay Point BART, Antioch, Brentwood)

Operators were notified in February 2008 that the services were in danger of having funding discontinued because of their performance. Transit operators have sent letters asking for extensions, a change to the performance measures, or for services to be reevaluated using a different methodology.

Alix noted several issues, which included that the one month delay in presenting this data to the Committee may hamper the ability of the operators to discontinue service by December 2008 since service changes are usually made quarterly. If the services are discontinued, MTC could redirect the money to other services. Further, Alix noted that there is some technical cleanup that needs to be done for the performance measure policy and staff plans to work with transit operators in the coming months.

Commissioner Haggerty thanked staff for the report and noted his preference to continue funding all six routes. He stressed the importance of a complete network including suburban parts of the Bay Area counties. He advised that the Commission should work with the best performing of the routes using the Alameda Harbor Bay Ferry as a model where they were given another year to meet the measure. He recommended that staff work with operators to come up with a corrective plan that addresses the four routes (Golden Gate, AC Transit (Route M/MA), LAVTA and ECCTA) that are closest to achieving the performance targets.

MTC Executive Director Steve Heminger noted that some of the RM2 services are unlikely to meet the standards even with an extension. Mr. Heminger highlighted the positive trend for LAVTA and Tri Delta; the other services are not showing an improvement and in some cases they are showing a declining level of performance. Mr. Heminger explained that MTC struggles with the question of increased operating costs and decreasing performance regardless of the amount of money directed to public transit.

Commissioner Tissier questioned the revised AC Transit numbers and the Commissioner's ability to judge the proposal if the correct numbers aren't available.

Alix Bockelman stated that MTC could come back to the Commission with a report confirming AC Transit's figures; however it may not be possible before the Commission meeting. Alix confirmed that staff will work with AC Transit to make sure they have the correct numbers.

Commissioner Lempert questioned whether the routes are tied to employment and asked if there are any projections of how the economy is going to affect service. Will fewer jobs lead to less demand for the service? She'd like to see the actual ridership numbers in addition to the farebox recovery to be able to get a handle on the issue.

Alix Bockelman stated that staff can provide the ridership numbers for the Commissioners. She noted that more people are using transit due to increased fuel costs but it is not clear yet how job losses will affect this.

Commissioner Glover agreed that obviously poor performing routes will never meet the standards and the best performing three routes have shown consistent improvement. He recommended that the Commission look at the best performing three and continue to work with and fund those operators. Commissioner Glover would move to discontinue the poorest three and to review AC Transit Route J.

Commissioners Chu and Bates questioned the AC Transit numbers and sharp changes in trends for the AC Transit J and M/MA service. Alix Bockelman stated that she believes there were several changes including a new methodology, differences on how the passenger counts were done, and staffing changes. These led to challenges in replicating past year reporting.

Public Comments

Speaker Marjorie Leides, president of the LAVTA Board of Directors, advised the Commission that LATVA's route is new and will take time to build ridership. Their current budget assumes RM2 revenues would be provided through June 2009. If the route were to be discontinued, there would not be sufficient time to change the schedules and timing for other routes. LAVTA would need to have a public hearing with the riders on this issue before being discontinued. She urged the Commission to keep the funding through June 2009.

Speaker Tom Harris, CFO of Tri Delta Transit, stated that Route 300 is a commuter-oriented service that he feels works well and asked the committee to continue the funding.

Speaker Kate Miller, AC Transit, stated that AC's ridership numbers are being counted differently and requested that the decision to end funding be deferred to include new numbers.

Speaker Gayle Prior, Golden Gate Bridge Highway & District, supports continuing funding for Route 75 because it is the only service from Santa Rosa to San Rafael. She noted that the District took action with better marketing and by installing Wi-Fi on the buses to grow ridership.

Cindy Dahlgren, CCCTA, noted that CCCTA hasn't been able to boost ridership but tried to figure out an alternative. She would like the Commission to consider reallocating the funds for CCCTA Express Bus projects.

After discussion, Commissioner Glover made the motion that funding should be continued for all six of the routes through the end of FY 2008-09 with the exception of County Connection if they discontinue service; that funding for the best performing three of the six routes not be discontinued pending the results of the FY 2008-09 annual performance review; and that the following information be presented at the December 2008 Committee meeting: additional data requested by the Committee for all six routes, further analysis of the worst performing three of the six routes, and analysis of the correct AC Transit data. Commissioner Haggerty seconded. The motion passed unanimously.

- Proposed allocation of \$23.5 million in RM2 Capital funds. MTC Resolution No. 3651.

Shruti Hari, Programming and Allocations Section, recommended that the Committee allocate \$22.6 million for the construction of the temporary Transbay Transit terminal and \$850,000 for a commissioning agent for the new Transbay Terminal Center. Staff is recommending this allocation to the Transbay Joint Powers Authority based on three conditions: 1) securing an investment grade rating from Fitch; 2) submitting a TIFIA loan application; and 3) approving the Exclusive Negotiations Agreement (ENA) for the Transbay Transit Tower. These conditions are proposed so that the temporary Transbay Transit terminal construction does not commence until these funding sources for the main terminal are more secure.

The Committee approved staff's recommendation to refer this item to the Commission for approval.

Public Comment

Commissioner Chu updated the committee on attending a walk to school day with his daughter and noted what a good environmental activity it was for the community.

Commissioner Giacopini pointed out that last month's minutes should be revised to reflect that she was present at the last meeting.

Chair Tissier adjourned the meeting at 11:43 a.m.