



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5

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Memorandum

TO: Policy Advisory Council

DATE: November 3, 2010

FR: Carolyn Clevenger

W.I. 1517

RE: Transit Sustainability Project Overview

In May of this year, MTC kicked-off the Transit Sustainability Project (TSP). At your meeting, staff will present an overview of the project and some initial financial analysis.

Introduction

The analysis for the Bay Area's long-range transportation plan, *Transportation 2035*, suggested that the region's transit system is not sustainable based on current projections of transit costs and reasonably anticipated revenues. Concerns regarding the long-term viability of the system, coupled with the current impacts of the economy and state budget on transit service levels and the magnitude of anticipated operating and capital shortfalls, motivated the Commission to initiate the TSP.

The TSP seeks to establish a framework and implementation plan for a more robust, financially viable transit system that is both cost-effective and customer-focused. The TSP will include a comprehensive, fact-based analysis of the existing system focused on service design and delivery, financial viability, and decision-making structures. The analysis will also acknowledge the role external factors play in the long-term viability of the transit system, such as land use and transportation pricing, which are critically important as the region prepares the Sustainable Communities Strategy. The TSP will conclude with specific recommendations for both reform and new revenues to establish a transit system that is sustainable over the long term.

Advisory Structure

The Commission is committed to securing comprehensive, multisector advice on this issue and has established a Project Steering Committee to provide executive-level input from the transportation agency, government, labor, business, environmental and equity perspectives. Additional technical and operating expertise and public involvement will be gleaned from technical advisory committees, a robust public outreach effort, the MTC Policy Advisory Council and peer review. In addition, the Commission has created a Select Committee composed of a subset of MTC commissioners to focus on the project.

Project Overview

The overall project work plan was approved by the Select Committee in July and provides a framework to guide the project analysis and overall schedule that will be updated and amended as needed. Staff anticipates updating the schedule in January. The current Project Work Plan consists of: 1) the project schedule and process plan (Attachment A); and 2) the overall work program (Attachment B).

Project Schedule and Process Plan

The current project schedule and process plan, Attachment A, identifies key project milestones to help structure the nearly two-year project. The project requires not only detailed technical analysis but also significant coordination with agency partners and stakeholders, and outreach to the public and local decision-makers. We anticipate that initial findings and recommendations from the technical analysis will be presented in summer 2011, and the final implementation plan adopted by the Commission in March 2012. Draft interim findings and recommendations will be presented to the Project Steering and Select Committees over the course of the project to seek feedback and guidance.

Proposed Overall Work Program

Attachment B outlines the overall work program, including a high level working definition, proposed outcomes, approach and scope of work for each area of analysis. The technical analysis will focus on three primary work areas: 1) financial; 2) service design and delivery; and 3) institutional and decision-making. The three work areas are interdependent, and there will be significant overlap and coordination amongst all three. Technical Advisory Committees composed of transit agency staff will provide significant input into each area of analysis.

- **Financial:** The financial analysis focuses on costs, revenues, and pricing strategies. The cost analysis, which includes identification of key cost drivers and cost containment strategies, is underway, and some of the initial observations will be presented at your meeting. The second stage of the financial analysis will include revenue and pricing considerations. The revenue analysis will evaluate existing revenue sources and projections and identify potential new and more stable revenue sources to support transit. The pricing analysis will include both transit and non-transit pricing, building on the Transportation 2035 analyses as well as innovative models from other locations.
- **Service design and delivery:** The service analysis includes both regional and sub-regional level analyses. The regional service analysis will initially focus on identifying current and future transit service needs of the region, irrespective of jurisdictional boundaries, and defining a service hierarchy and performance objectives that can guide future service delivery. This will be accompanied by service analyses for specific subregions, including the Inner East Bay and the Peninsula, as well as a specific analysis of ADA-paratransit.
- **Institutional and decision-making:** While institutional and decision-making structures that guide how transit is delivered in the region are key elements of the project, we believe it is critical to know the ‘what’ we are trying to achieve before delving into the ‘how’. The initial institutional work will focus on best practices analysis. This effort is expected to begin in February 2011.

Project Visioning

At the May 14th kick-off meeting, Project Steering Committee members were asked to identify the most significant challenges to transit today based on a series of statements gathered in the scoping process for this project. The top five challenges identified by the Steering Committee are:

1. Unpredictable revenues result in unstable service and fares.

2. Multiple operators results in a fractured decision-making process and works against a cohesive regional transit network.
3. Land uses and other external factors confound transit's effectiveness.
4. Inefficient work rules inflate cost of delivering service.
5. Transit service is not price or time competitive with the auto alternative.

We are seeking the Policy Advisory Council's input on 1) ideas for tackling these challenges at the regional level that will be used to frame the project analyses moving forward and 2) specific input about how to approach the analysis of the ADA paratransit system.

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