



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## Agenda

### Transit Sustainability Project

#### PROJECT STEERING COMMITTEE

January 21, 2011

12:30pm-3:30pm

Lunch will be provided

Joseph P. Bort MetroCenter  
Auditorium  
101 Eighth Street  
Oakland, California

1. **Introductions**
2. **Cost Analysis Follow-up**
3. **Analysis of Work Rules**
4. **Cost Containment Strategies and 10-Year Operating Cost Projections**
5. **Operating Revenue Trends**
6. **DRAFT Financial Principles and Targets**
7. **Service Analysis Overview (if time allows)**
8. **Public Comment/ Information/ Next Meeting**

The next meeting of the Transit Sustainability Project Steering Committee is tentatively scheduled for March 21, 2011 at 12:30pm in the Lawrence D. Dahms Auditorium, First Floor, 101 Eighth Street, Oakland CA.



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## *Memorandum*

TO: Transit Sustainability Project Steering Committee

DATE: January 14, 2011

FR: Deputy Executive Director, Policy

RE: January 21<sup>st</sup> Project Steering Committee Meeting

We look forward to seeing you at the Transit Sustainability Project Steering Committee meeting on January 21<sup>st</sup>. I am forwarding you a copy of the presentation that will be given at the meeting as well as some specific items requested by the Committee at the last meeting.

The meeting on the 21<sup>st</sup> will continue to focus on the financial analysis. The presentation includes some preliminary work rules information, and we will ask for the Steering Committee's input regarding next steps for the work rules analysis. Staff will present to the Committee draft financial principles and targets for discussion. Our intent is to revisit the financial principles and targets in an iterative process as we move through the rest of the project.

The financial analysis is just one component of the overall TSP, and needs to be considered in the context of the overall goal of providing a robust transit system that more people will use for more trips. The analysis to date focuses primarily on the financial challenge of maintaining the existing transit system and levels of service, and as we move forward into the service analysis, we will be looking for ways to strategically improve service throughout the region.

Included as item six in the enclosed presentation is an overview of the service analysis component of the project. This analysis is underway, and will be the project focus this Spring and Summer. The presentation outlines the three areas of work that comprise the service element of the TSP, and the analysis and future outputs associated with each work area. To-date the Service Technical Advisory Committee, composed of agency staff representatives, has discussed an overall performance framework, a categorization system for service types in the region, and current agency service policies. Staff anticipates presenting detailed service material in March.

### **Draft Overall Project Schedule**

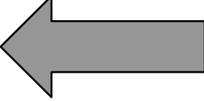
At the December meeting, several Committee members requested an outline of the meeting topics to be covered throughout the course of the next year. *Attachment A* outlines the scheduled Project Steering Committee meetings for 2011 and identifies the major topics staff anticipates covering at each meeting. As you can see there is a significant amount of material to cover over the course of the year, and agenda topics may need to be adjusted based on ongoing direction from the Committee.

Ann Flemer

**Attachment A**

**DRAFT Project Steering Committee Schedule**

Subject to change based on Committee discussion and input

Meeting	Agenda	Related On-going Efforts
January 21	<ol style="list-style-type: none"> <li>1. Project schedule</li> <li>2. Cost analysis follow up</li> <li>3. Financial principles/targets</li> <li>4. Work rules – initial analysis</li> <li>5. Service analysis overview</li> </ol>	
March 21	<ol style="list-style-type: none"> <li>1. Any follow-up needed on financial material</li> <li>2. Work rules – refined analysis</li> <li>3. Service – Existing system overview, current performance, Transit Competitiveness Index</li> <li>4. Update on revenue and cost projections being developed for the long range plan</li> </ol>	
May 16	<ol style="list-style-type: none"> <li>1. Service – Discussion of performance metrics, Express bus/TransBay and BART Feeder bus initial analysis</li> <li>2. Pricing analysis – introduction</li> <li>3. Paratransit analysis</li> </ol>	<ul style="list-style-type: none"> <li>• RTP/SCS</li> </ul>
July 18	<ol style="list-style-type: none"> <li>1. Service – Initial presentation of service scenarios for regional services, Inner East Bay and Peninsula initial analysis</li> <li>2. Institutional – initial discussion</li> <li>3. Paratransit findings and draft recommendations</li> <li>4. New revenue opportunities – initial analysis</li> </ol>	<ul style="list-style-type: none"> <li>• MTC Commission</li> <li>• Select Committee</li> </ul>
Sept 19	<ol style="list-style-type: none"> <li>1. Service – Continued discussion of service scenarios, refine performance metrics, regional services recommendations</li> <li>2. Pricing analysis – draft recommendations</li> <li>3. New revenue opportunities – draft recommendations</li> </ol>	
Nov 21	<ol style="list-style-type: none"> <li>1. Service recommendations</li> <li>2. Institutional – draft findings</li> </ol>	
January 2012	Draft TSP Recommendations	
March 2012	Final TSP Recommendations	



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## *Memorandum*

TO: Transit Sustainability Project Steering Committee

DATE: January 14, 2011

FR: Carolyn Clevenger

RE: Follow-up Information From December Project Steering Committee Meeting

This memorandum provides additional information in response to questions that were raised by Committee members at the December 3rd TSP Project Steering Committee meeting. Rather than spend a portion of our meeting on January 21<sup>st</sup> reviewing this follow-up information, we are submitting this information to you in advance, and will focus on new material on January 21st. Please contact me should you have any questions.

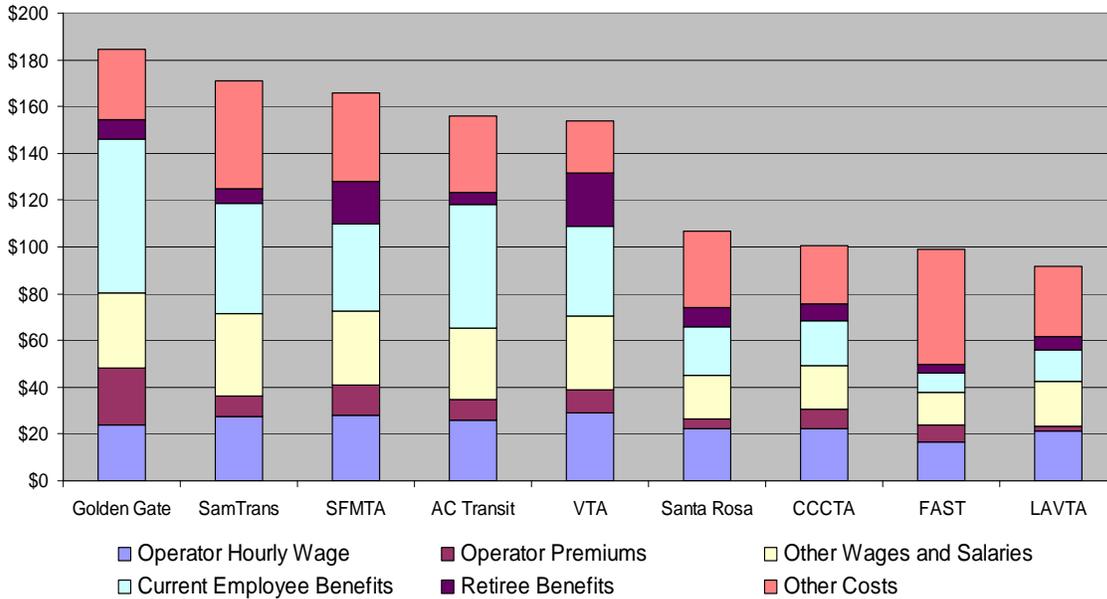
### Breakdown of Bus Cost Per Vehicle Hour

Slide 6 of the December presentation showed the breakdown of the operating costs per vehicle hour for bus service, including the estimated breakdown of fringe benefit costs between current employees and retirees. We were asked to check the accuracy of this information with the region's five largest agencies that provide bus service. We worked with the members of the Financial Technical Advisory Committee to confirm and/or revise the figures as follows:

- VTA, AC Transit and SamTrans confirmed that their data were accurate;
- SFMTA has submitted updated information, however it did not change the breakdown shown in the chart; and
- Golden Gate has provided a more accurate breakdown of fringe benefit expenses between current employees and retirees.
- In addition, members of the FTAC noted that because the National Transit Database categorizes vacation, holiday and sick pay as fringe benefits, salaries appear lower than one would expect, and benefits costs appear higher. However, because vacation, holiday and sick time are paid at the same rate as regular work time, we believe that the growth in costs for paid leave has been consistent with the growth in wages that we have previously discussed with the Committee.

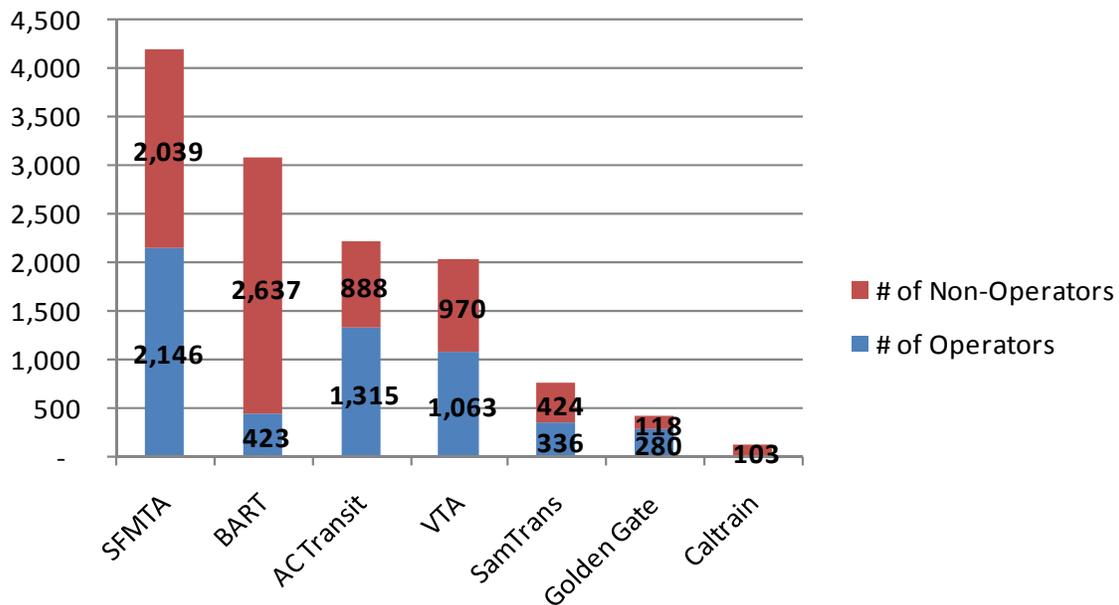
A revised bus cost per hour slide is shown below in Figure 1 and a chart showing the number of current employees split into operators or non-operators by agency is shown in Figure 2. The non-operator wages and salaries are included in the "Other Wages and Salaries" category of Figure 1.

**Figure 1 – Bus Cost Per Vehicle Hour – New Slide**



Sources: NTD; Active/retired figures directly from large agencies, estimates for others; Dash Reports; and TDA audits.

**Figure 2 – “Big 7” Employee Break-down**



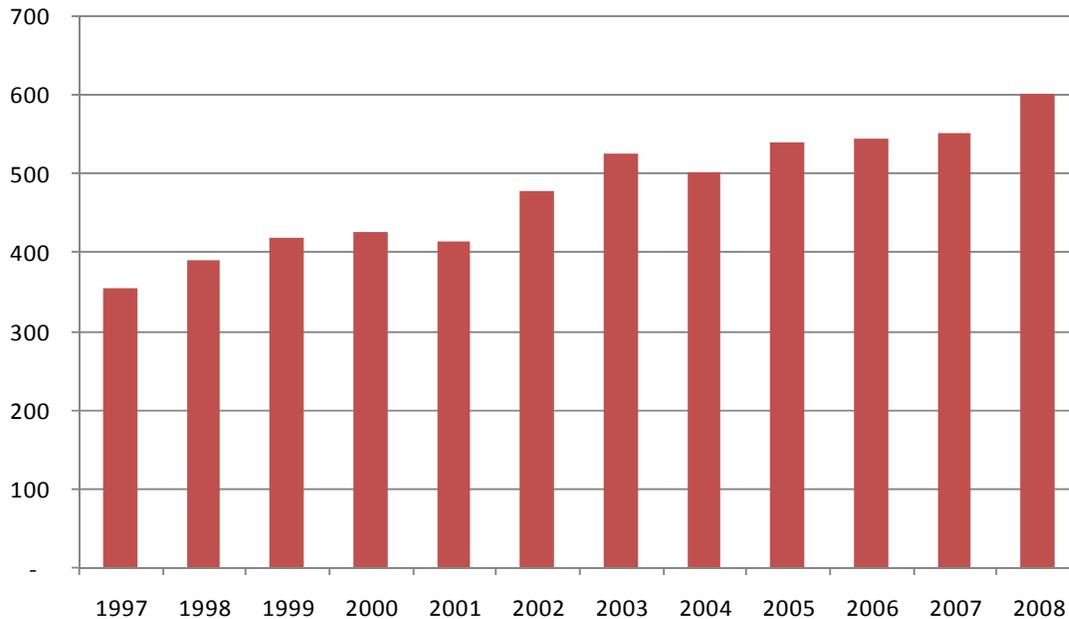
Source: Agency Financial Departments

Fringe Benefit Costs Without Adjustment for Inflation

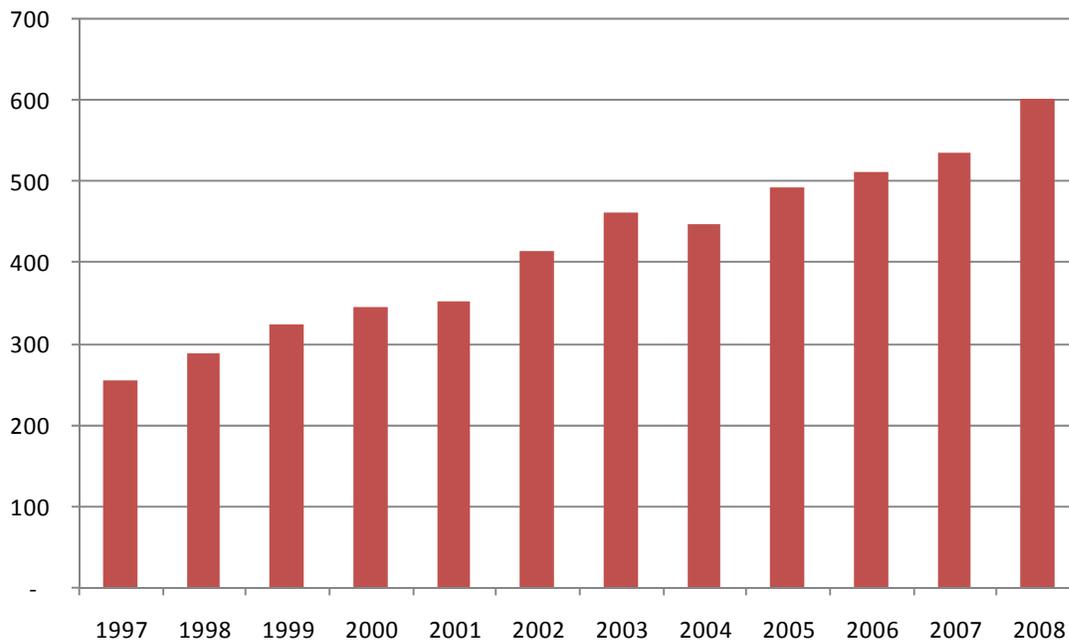
Slide 10 of the December presentation showed that, in aggregate, agency fringe benefit costs had increased by 69 percent on an inflation-adjusted basis from 1997 to 2008 (see Figure 3 below).

Committee members requested that we present this data without any adjustments, so that 1997 costs are shown in 1997 dollars, 2008 costs are shown in 2008 dollars, and so on. As shown in Figure 4, fringe costs for the “Big 7” transit agencies increased by 135% between 1997 and 2008 when not adjusted for inflation.

**Figure 3 – “Big 7” Fringe Costs (2008 \$, \$ Millions) – Old Slide**



**Figure 4 – “Big 7” Fringe Costs (\$ Millions) – New Slide**

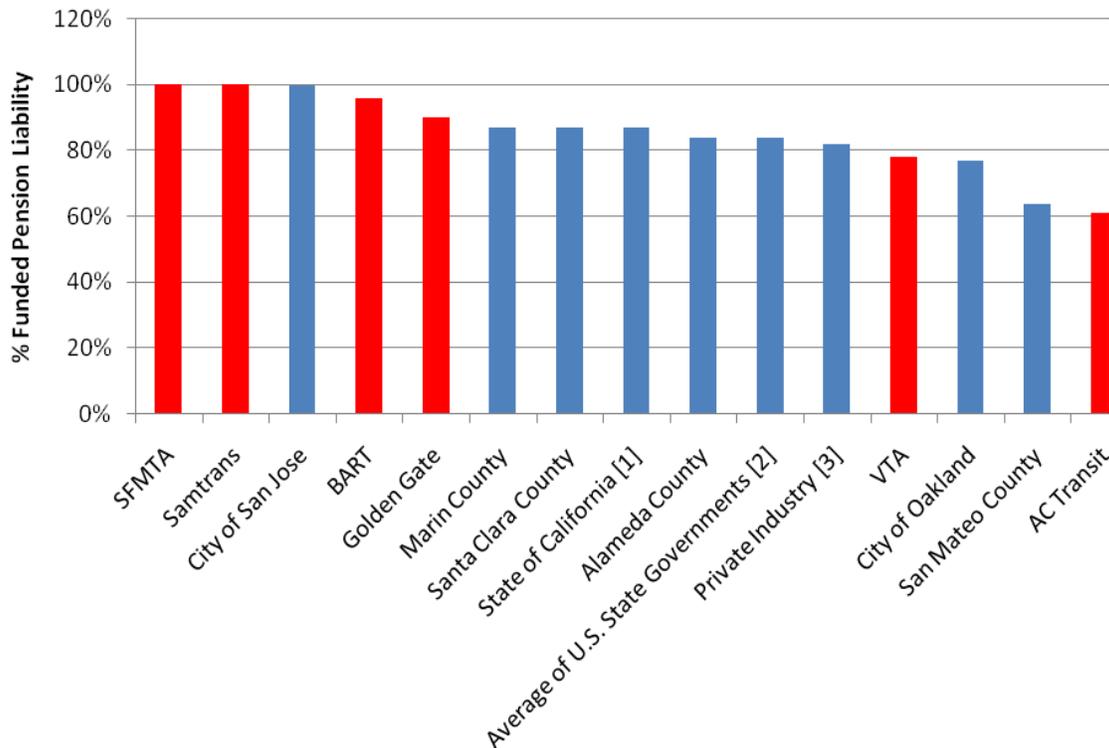


Source: “Big 7” operators; National Transit Database.

Pension and OPEB Liability Peer Comparisons

In the December 3<sup>rd</sup> presentation, we provided data on the percentage of each agency’s pension liability that is funded. Committee members requested additional comparative information regarding pension funding levels for other public and private entities. As a basis for comparison, Figure 5 below presents data from a handful of cities and county governments in the region, state governments, and private industry as compared with Bay Area transit agencies.

**Figure 5 - Peer Analysis of Funded Pension Liability**



All Bay Area transit agency data from agency CAFRs.

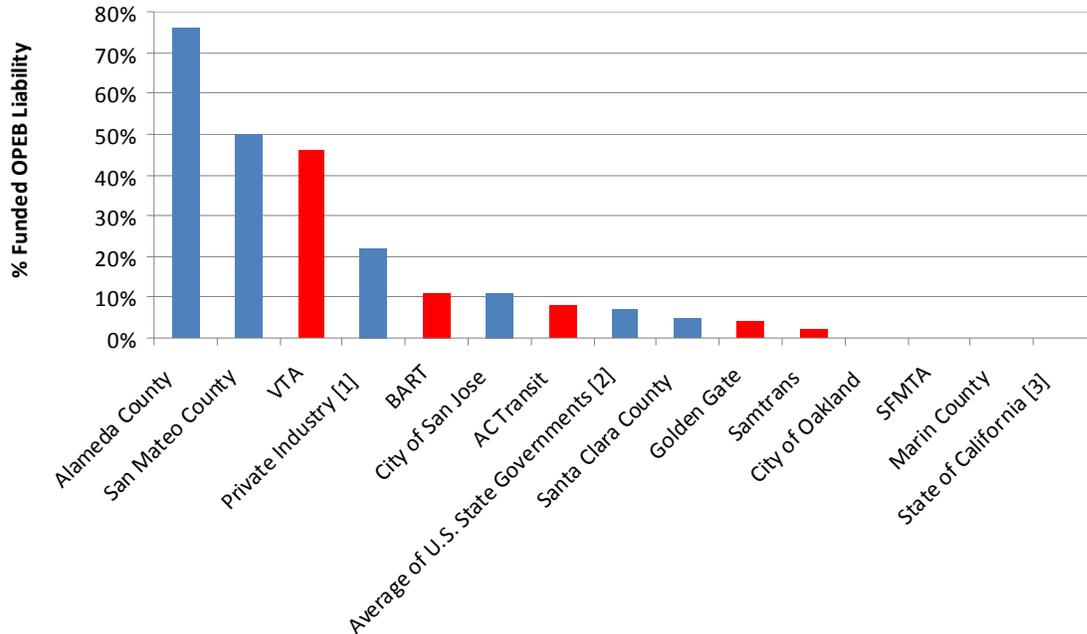
[1] Data as of June 30, 2008, from Pew Center on the States report entitled “Trillion Dollar Gap,” dated February 2010.

[2] Data as of June 30, 2008, from Pew Center on the States report entitled “Trillion Dollar Gap,” dated February 2010.

[3] Based on S&P 500 Indices ([https://www.sp-indexdata.com/idpfiles/indexalert/prc/active/pressreleases/SP500\\_PENSIONS%20+%20OPEB%20pr%20-%20final\\_US.pdf](https://www.sp-indexdata.com/idpfiles/indexalert/prc/active/pressreleases/SP500_PENSIONS%20+%20OPEB%20pr%20-%20final_US.pdf))

The December 3<sup>rd</sup> presentation also provided data on the percentage of each agency’s “Other Post-Employment Liability” (OPEB) that is funded. Figure 6 below presents data from a handful of cities and county governments in the region as compared with Bay Area transit agencies.

**Figure 6 - Peer Analysis of Funded OPEB Liability**



All Bay Area transit agency data from agency CAFRs.

[1] Data as of June 30, 2008, from Pew Center on the States report entitled "Trillion Dollar Gap," dated February 2010.

[2] Represents assets put aside on average by states to adequately fund their (non-pension) retiree health care liabilities - Pew Center Report, February 2010, p. 43

[3] Data as of June 30, 2008, from Pew Center on the States report entitled "Trillion Dollar Gap," dated February 2010.

Differences in Fringe Benefits

During the Committee's discussion of fringe benefits, a question was raised concerning the extent to which benefit packages differ among employee groups for each agency. Information responding to this request will be presented at the Project Steering Committee and is included in the enclosed presentation.



## Transit Sustainability Project

Project Steering Committee  
January 21, 2011



## Today's Agenda

1. Follow-up items
2. Analysis of Work Rules
3. Cost Containment Strategies and 10-Year Operating Cost Projections
4. Operating Revenue Trends
5. DRAFT Financial Principles and Targets
6. Service Analysis Overview (if time allows)



## Project Steering Committee Update

On December 3<sup>rd</sup>, the PSC provided the following direction:

1. Requested revised breakdown of operating cost per hour
2. Requested information on non-operator benefits and suggested additional non-operator analysis is important
3. Requested comparable data on pension liability for other public and private sector entities
4. Deferred the 10-year projections until January
5. Mixed response to idea of financial principles and targets

## 1. Follow-up Items

Benefits Summary			
Agency	Operator Pension	Non-Operator Pension	Other/Notes
<b>AC Transit</b>	Age 55/8 years 2.5% x average of final 3 years  AC Retirement Plan	<i>Represented Employees:</i> Age 55/5-8 years (depends on union) 2.5% x average of final 3 years <i>Non-Represented Employees:</i> Age 50/5 years at 2.5% x average of final 3 years AC Retirement Plan	Deferred compensation plan
<b>BART</b>	Age 55/5 years 2.0% x high year  CalPERS	Age 55/5 years at 2.0% x high year <i>Police:</i> Age 50/5 years at 3.0% x high year CalPERS	" <i>Money Purchase Pension Plan</i> " - BART contributes 6.65% up to \$1,868 per year. Until January 2010 non-represented employees received an additional 1.627%.
<b>Golden Gate</b>	Age 55/20 years 1.8% - 2.5% x high year GGT Amalgamated Plan	Age 55/5 years 2.5% x high year CalPERS	Employees may contribute to a "deferred compensation plan," but there is no employer contribution
<b>Sam-trans</b>	Age 55/5 years 2.0% x high 3 years CalPERS	Age 55/5 years 2.0% x high 3 years CalPERS	Employees may contribute to a "deferred compensation plan;" no employer contribution
<b>SFMTA</b>	Age 50/20 years or 60/10 years 1.6% - 2.3%x high year City Retirement System	Age 50/20 years or 60/10 years 1.6% - 2.3%x high year Contribute 7.5% share City Retirement System	Employees may contribute to a "deferred compensation plan;" no employer contribution
<b>VTA*</b>	Age 55/15 years at 2.0% x high 3 years Age 65/10 years at 2.4% x high 3 years VTA Amalgamated Plan	Age 55/5 years 2.0% x high 3 years  CalPERS	Employees may contribute to a "deferred compensation plan;" no employer contribution

\* Applies to all ATU employees, including certain non-operators. Source: Agency CAFRs and agency review.

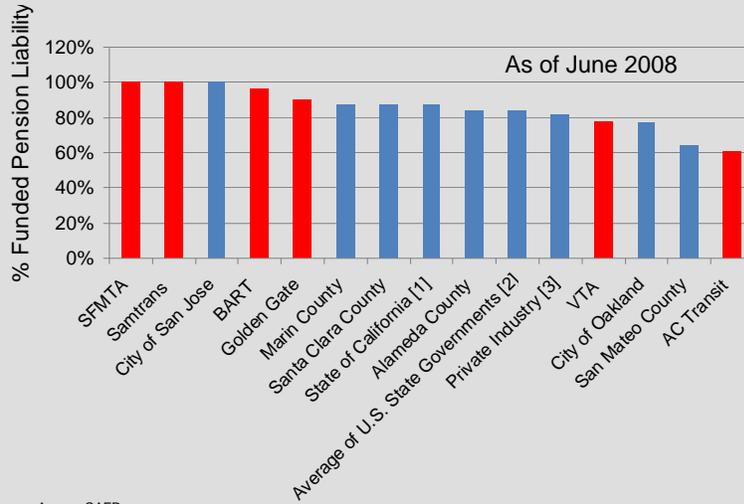
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Observations
<ul style="list-style-type: none"> <li>▪ Some non-operator pensions dissimilar in terms of retirement age and vesting requirements</li> <li>▪ AC Transit – 50 after 5 years of service for non-represented compared to 55 after 8 years for operators and represented employees</li> <li>▪ BART – Higher contribution to money purchase pension plan for non-represented employees suspended in January 2010; Police have a different pension age and percentage (3% at 50) as compared to operators and non-safety employees (2% at 55)</li> <li>▪ VTA – 55 after 5 years of service for non-operators compared to 55 after 15 years of service or 65 after 10 years of service for operators</li> <li>▪ There may be differences in employee contributions for operators and non-operators</li> </ul>



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## Peer Analysis of Funded Pension Liability



Sources: Agency CAFRs

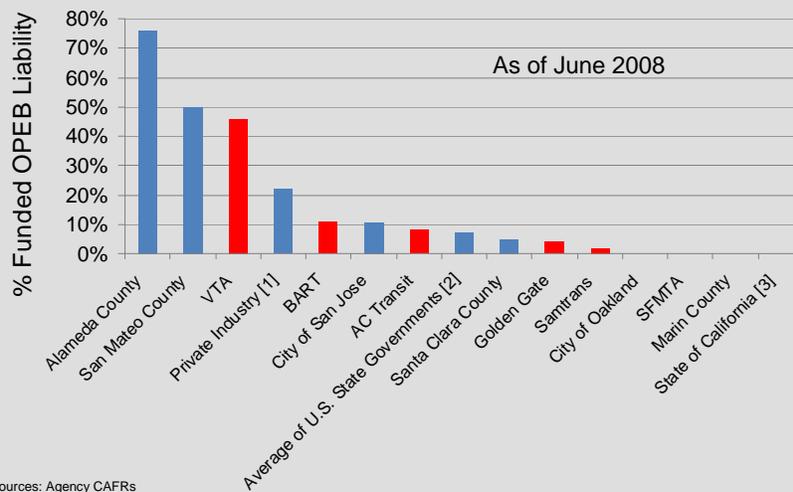
[1, 2] Data as of June 30, 2008, from Pew Center on the States report entitled "Trillion Dollar Gap," dated February 2010.

[3] Based on S&P 500 Indices



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## Peer Analysis of Funded OPEB Liability



Sources: Agency CAFRs

[1, 3] Data as of June 30, 2008, from Pew Center on the States report entitled "Trillion Dollar Gap," dated February 2010.

[2] Represents assets put aside on average by states to adequately fund their (non-pension) retiree health care liabilities – Pew Center Report, February 2010, p. 43



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## 2. Analysis of Work Rules

### Region's Potential Cost Drivers

Operator  
Wages

Other  
Wages

Fringe  
Benefits

**Work  
Rules**

Service  
Changes

Staffing  
Levels

## Operator Work Rules Overview

- Work rules establish working conditions and procedures for operating service
- Current rules are the result of a long history of collective bargaining agreements and agency specific practices
- Individual agency work rules are subject to each agency's collective bargaining process and will not be discussed separately – only the range of rule parameters currently in place in the region will be presented
- Information presented is from a third party review and does not represent any recommendations by or for the agencies reviewed



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## Operator Work Rules Analysis

- Focus is on six major Bay Area systems (AC Transit, BART, Golden Gate, SamTrans, SFMTA, and VTA)
- Review transit vehicle operator and station attendant work rules
- Conduct interviews with agency staff to clarify relationship of work rules to how service is delivered
- Identify opportunities for changes based on cost effective practices among this group and other peers



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## Operator Work Rules Opportunities

- Presentation aims to inform and highlight possible opportunities for work rule changes that would contribute towards more efficient service delivery
- Opportunities presented provide possible areas of consideration and do not represent agency policy directive
- Opportunity exists for review of other agency functions such as administration and vehicle maintenance (outside of this task)



## Key Work Rule Categories

Service Design and Crew Scheduling

Daily Service Delivery

Business Model



## Considerations for Service Design and Crew Scheduling

- **Layover/Recovery** – time between in-service trips for schedule adherence and/or operator rest (Wage Order 9 alternative)
- **Interlining** – operation of trips on multiple routes to reduce vehicle count
- **Guarantee** – additional paid time to provide 8 hour day or 40 hour week
- **Scheduled Overtime** – extra hours above 8 hour day or 40 hour week
- **Report Times** – preparation or turn-in time at start or end of shift
- **Wage Order 9 Meal & Rest Breaks** – dedicated break time during work day
- **Split Shifts** – restrictions on two-piece work shifts
- **Part Time** – non full-time staff working limited week



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## Considerations for Daily Service Delivery and Business Model

### Daily Service Delivery

- **Rostering/Scheduling** – grouping of daily work shifts as operator work weeks
- **Unplanned Absenteeism** – missouts, sick leave, workers comp, FMLA, etc.
  - **Extraboard** – additional operators to replace operators absent from duty
  - **Unscheduled Overtime** – day off (on the day) additional hours
- **Holidays** – special provisions for designated days

### Business Model

- **Contract Service Delivery** – contracting with a private sector provider to deliver some service



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## Service Design Findings

### Layover/Recovery, Interlining

- Layover/recovery time requirements and practices vary
  - Often not specified in contract, actual percentages vary (15-40+ percent)
  - Closely related to meeting meal/rest breaks (Wage Order 9)
  - Also strongly linked to service efficiency (round trip cycle times)
- Interlining is typically not restricted by labor contracts and is used to varying success
  - Interlining is key strategy to help manage layover/recovery time
  - Additional opportunities where high percentage layovers exist
- Propose testing layover/recovery percentage at 15 percent of total service hours



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## Crew Scheduling Findings

### Guarantee/Scheduled Overtime

- All the systems use an 8 hour daily guarantee
  - Overtime and guarantee paid daily
  - However operator assignments vary in work length (above/below 8 hours/day)
- Propose testing 40 hour weekly guarantee in place of daily guarantee
  - Measure potential to reduce unutilized guarantee time and some overtime



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## Crew Scheduling Findings

### Report Times, Meal Breaks

- Report Times
  - Systems and peers had 10-15 minute for first report (longer for rail)
  - Systems and peers had 0-15 minute for final turn-in
  - Propose testing 10 minute first report and 5 minute final turn-in
- Meal Time
  - Paid or unpaid (most are paid now or given as layover)
  - Propose testing 30 minute unpaid meal breaks as allowed in Wage Order 9



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## Crew Scheduling Findings

### Split Shifts

- 50 percent premium pay now starts in 10th-11th hour elapsed from start of shift for all operators
- Some agreements include 100 percent spread premium (double time)
- Unpaid split break allowed varies between 0.5 - 2 hours
- Some systems pay both overtime and split shift premiums (pyramiding)
- Propose testing spread premium pay from 11th hour, no pyramiding, and maximum 2 hour split break; part-time operators would be tested separately



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## Crew Scheduling Findings

### Part Time Operators

- Most systems have agreements for part time operators
- However, only one system utilizes part time operators; two systems have none due to layoffs that let part time operators go first
- Split shifts and other short work pieces generate guarantee time where part time opportunities not available
- Propose testing use of part time shifts up to 7.5 hours daily and up to 20 percent of daily work assignments



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## Daily Service Delivery Findings

### Unplanned Absenteeism

- Extraboard size determined by both planned and unplanned absences
  - Extraboard best sized if it meets consistent minimum absence levels
  - Unscheduled overtime cost effective in addressing daily variability
- Reducing unplanned absenteeism will reduce operating costs
  - Less Extraboard staff (save fringe costs/guarantee time)
  - Reduced unscheduled overtime (premium pay)
- Best practice requires scheduled work to be completed before premium pay provided for working day off
- Propose testing savings from 1-5 percent reduction in Extraboard staff



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## Daily Service Delivery Findings

### Holidays

- Additional costs arise from holiday pay provisions on full service days – (President's Day, etc.)
- Pay for work on holidays 50-100 percent premium in addition to 8 hours holiday pay (250% pay for 8 hours worked)
- Check consistency among operators on holidays observed
- Propose testing savings from one less holiday on a full service day



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## Business Model Findings

### Contracted Service Delivery

- Currently limited contracting done in the region by large operators
  - One bus system partly contracts (approx. 35 percent) service delivery
  - One rail system fully contracts service delivery
- Service costs may be reduced using contracted operation
- Many current labor agreements preclude service contracting
- Cost of complying with Federal 13C provisions needs to be considered
- Propose testing contract operation of one bus division (smallest) or relevant service group (e.g. commuter express) at systems where contracting does not exist



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## Cost Saving Scenarios

Work Rule Category	Proposed Test
Interlining/Layovers	Target 15% layovers
Guarantee/Overtime	Weekly guarantee/overtime (40 hours)
Report Times	10 minute sign on and 5 minute sign off
Meal Times	30 min. unpaid meal breaks as allowed in Wage Order 9
Split Shifts	-Spread premium from 11 <sup>th</sup> hour -Maximum 2 hour split break -No pyramiding
Part Time	Maximum 7.5 hours per day and up to 20% of full time roster assignments
Extraboard/Absenteeism	1-5% reduction in Extraboard staff
Holidays	One less holiday on full service day
Service Contracting	Contract operation of one division or service group



## Work Rules – Next Steps

- Receive input from Project Steering Committee on proposed analysis
- Further analysis of options and identification of order of magnitude cost savings
- Review potential cost savings with agency staff
- Report back at March Project Steering Committee meeting



### 3. Cost Containment Strategies and 10-Year Operating Cost Projections

#### Region's Potential Cost Drivers

Operator  
Wages

Other  
Wages

Fringe  
Benefits

Work  
Rules

Service  
Changes

Staffing  
Levels

- Focus on "Big 7" operators, which account for 93% of operating costs and 96% of passengers in the region.

## Cost Containment Strategies

- Identified agency strategies to reduce operating costs
- Estimated potential annual cost savings if strategies applied regionally

Area	Findings/Strategies Identified	Potential Savings
Fringe Benefits	<p>Findings: Fringe benefits have increased significantly; accounts for 34% of operating costs</p> <p>Strategies: Two-tiered pension system, employee contributions, cap agency contribution to medical insurance, limit coverage options</p>	\$50 - \$80 million
Work Rules (additional work underway)	<p>Findings: Premium pay data suggests further analysis could produce options for lowering operating costs</p> <p>Strategies: Secure regional savings equal to 5% of operating costs through agency-specific efforts</p>	Previous estimate: \$100 million
Staffing Levels (additional work in Spring/Summer)	<p>Findings: Bay Area operators dedicate a higher percentage of operating budgets to administrative costs than peers;</p> <p>Strategies: Reduce percentage of costs going to administration to be in-line with peers</p>	\$90 million



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## Cost Containment Strategies

- Wages and fringe benefits: no additional analysis recommended
  - Consider financial principles and targets recommended later in presentation
- Work rules:
  - Conduct analysis of key work rule areas to determine potential operating cost savings and impact on service delivery (initial information today)
- Staffing levels:
  - Analyze further as part of institutional analysis starting this Spring
- Operating speed:
  - Evaluate strategies to improve operating speed and estimate associated cost savings as part of service analysis (underway)

Financial ↔ Service ↔ Institutional



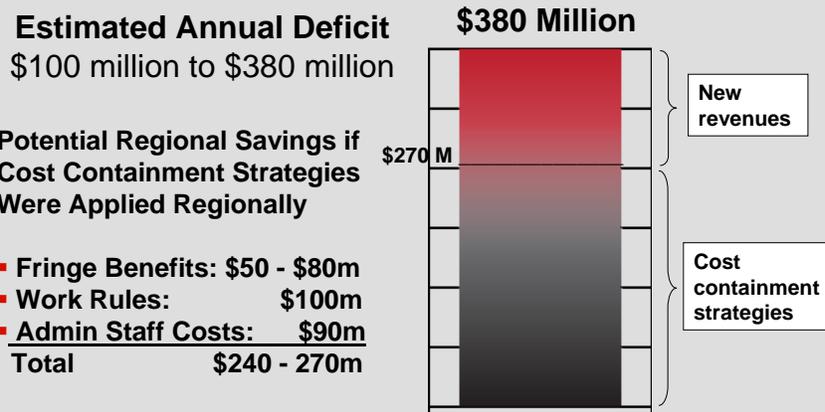
## 10 Year Operating Deficit Estimates

- Estimated Range of Region's Annual Operating Deficit: \$100 million to \$380 million
- Assumptions:
  - Low range: operator-provided deficit estimates
  - High range:
    - operator provided base-year cost data
    - growth at 11-year historical average rate
    - MTC estimates of available revenue
    - Maintains 2011 service levels



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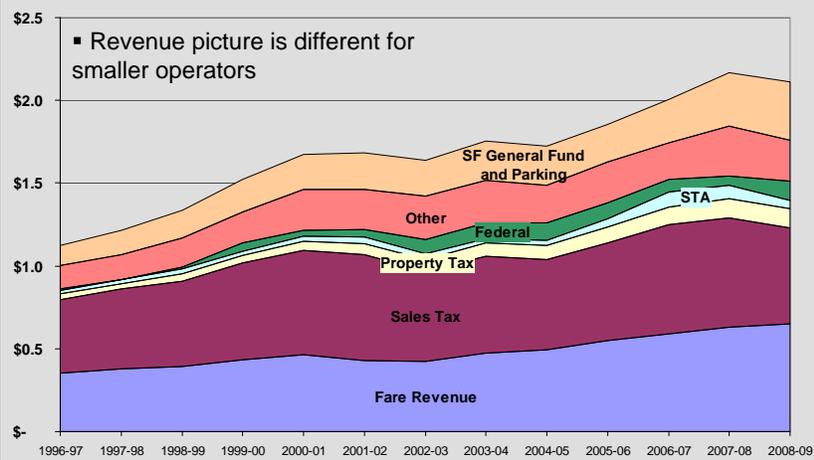
## Cost Containment Strategies



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## 4. Operating Revenue Trends

### "Big 7" Operating Revenue Composition (\$ in billions)



## Operating Revenue Sources: Growth Rates, 1997 - 2009

	Period Average Growth Rate (1997 – 2009)	
	Nominal	Real
Fare Revenue	5.3%	2.4%
Sales Tax	2.7%	-0.2%
Property Tax	11.4%	8.3%
STA	14.3%	11.0%
Federal	95.6%	89.4%
Other	6.0%	3.0%
SFMTA General Fund and Parking	9.7%	6.6%
<b>Total Operating Revenue</b>	<b>5.7%</b>	<b>2.8%</b>



Source: MTC Statistical Summaries

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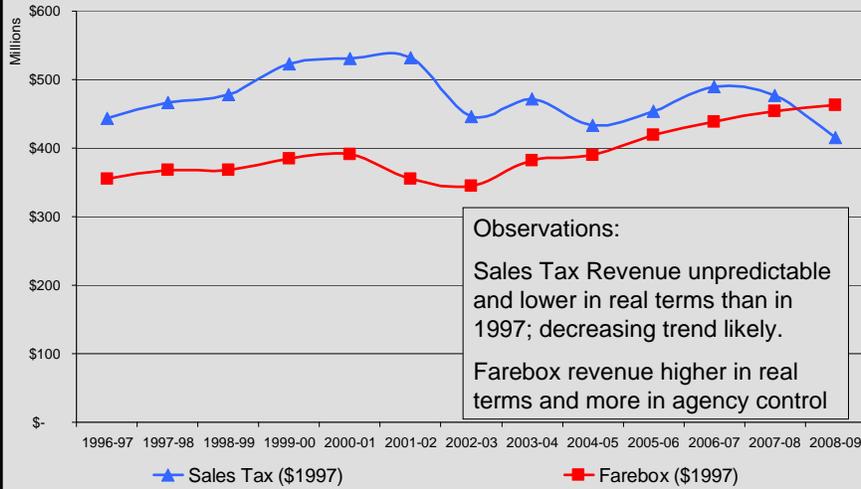
## Observations

- Fare revenue has increased, in real terms, over the 12-year period by 30% or 2.4% annually. Majority of growth region wide due to fare increases and not ridership increases, but specific operators vary.
- Sales tax has been flat in real terms over the 12-year period
- Reliance on federal funding for operating has increased from under 1% in FY1997 to 4% over the last several years; has affect on capital state of good repair
- State Transit Assistance is a relatively small revenue source for large operators – more significant for smaller operators – but every dollar counts



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## Bay Area "Big 7": Farebox and Sales Tax Revenues (Figures in \$ millions)

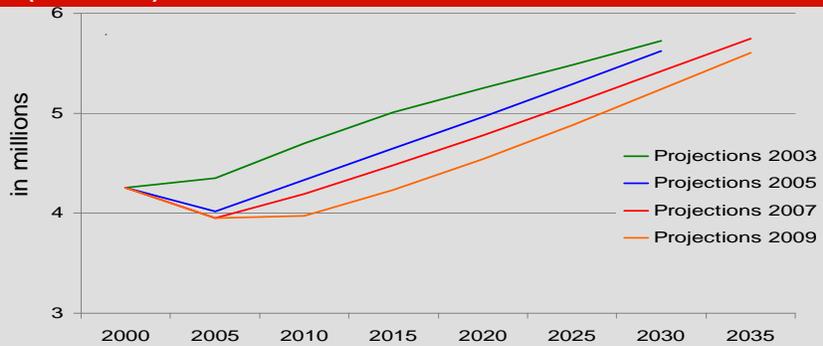


Observations:  
Sales Tax Revenue unpredictable and lower in real terms than in 1997; decreasing trend likely.  
Farebox revenue higher in real terms and more in agency control



Source: MTC Statistical Summaries

## Regional Job Projections (in millions)



- Projections 2003 forecast 4.2 million jobs in 2010; as of November 2010 there are 3.3 million employed residents in the region
- Regional job projections have been steadily decreasing with each new Projections
- Indicates weaker growth in sales tax likely

Source: ABAG Projections  
2010 current employment from Bureau of Labor Statistics as of November 2010



## 5. DRAFT Financial Principles and Targets

### Financial Principles and Targets Framework

**Financial Vision:** A system that can cover its operating and capital costs through increased passengers and fare revenues, as well as more reliable streams of public funding.

Principles

Targets

Example Strategies

## Financial Principles

### Principles

**#1  
Improve  
Operating  
Efficiency**

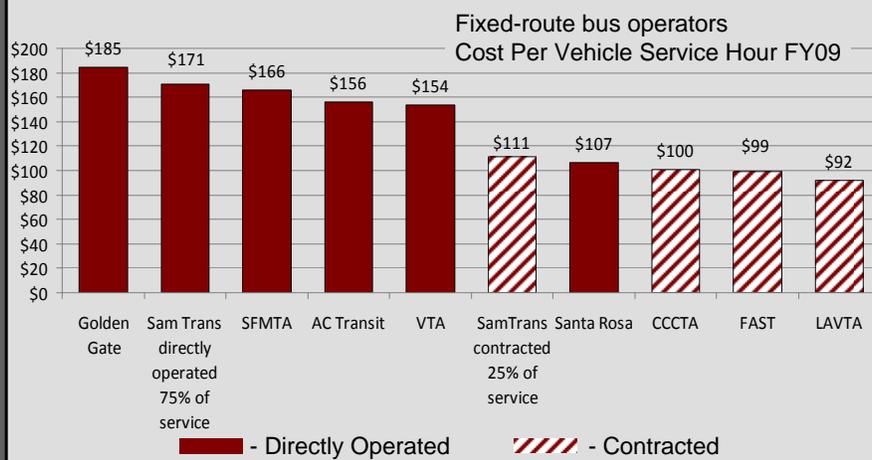
**#2  
Control  
Cost  
Growth**

**#3  
Stabilize  
Operating  
Revenues**



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## Principle #1: Improve Operating Efficiency



All agencies use union drivers.

Contracted portions of Golden Gate, and VTA services not included.  
Source: National Transit Database



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### Peer Comparisons – Large Urban Bus Operators Operating Cost per Vehicle Service Hour (FY2008)

Agency	Cost per Service Hour	Cost per Hour Adjusted for Bay Area Cost of Living
SFMTA	\$169	\$169
VTA	\$154	\$154
AC Transit	\$152	\$152
Sacramento RT (CA)	\$128	\$180
LAMTA (CA)	\$121	\$145
OCTA (CA)	\$112	\$125
San Diego MTS (CA)	\$76	\$93
<b>CA Peer Average</b>	<b>\$109</b>	<b>\$136</b>

Source: "ACCRA Cost of Living Index, 2009 Annual Average Data," prepared by the Council for Community and Economic Research, as cited by Dash & Associates. Dash & Associates, Agency data



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### Peer Comparisons – Medium Urban Bus Operators Operating Cost per Vehicle Service Hour (FY2008)

Agency	Cost per Service Hour	Cost per Hour Adjusted for Bay Area Cost of Living
Golden Gate	\$180	\$180
SamTrans	\$149	\$149
Santa Monica (CA)	\$106	\$127
Long Beach (CA)	\$101	\$113
Foothill Transit (CA)	\$80	\$107
LA DOT (CA)	\$79	\$94
<b>CA Peer Average</b>	<b>\$94</b>	<b>\$110</b>

Source: "ACCRA Cost of Living Index, 2009 Annual Average Data," prepared by the Council for Community and Economic Research, as cited by Dash & Associates. Dash & Associates, Agency data



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## Peer Comparisons – Heavy Rail Operators Operating Cost per Vehicle Service Hour (FY2008)

Agency	Cost per Service Hour	Cost per Hour Adjusted for Bay Area Cost of Living
BART	\$247	\$247
Atlanta (MARTA)	\$182	\$351
Washington DC (WMATA)	\$275	\$325
Boston (MBTA)	\$224	\$279
Philadelphia (SEPTA)	\$183	\$235
Chicago (CTA)	\$115	\$159
<b>Peer Average</b>	<b>\$196</b>	<b>\$270</b>

Source: "ACCRA Cost of Living Index, 2009 Annual Average Data," prepared by the Council for Community and Economic Research, as cited by Dash & Associates. Dash & Associates, Agency data



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## Principle #1: Improve Operating Efficiency

### Target

Holding total service constant, reduce cost per hour of service by X% or to reach \$X/hour:

Mode	Option 1		Option 2
	Target cost per hour from CA peers	Equivalent Cost Reduction %	Based on Forecast Regional Deficit
Large Urban Bus	\$136 per hour	12-20%	10-20%
Medium Urban Bus	\$110 per hour	30-40%	10-20%
Heavy Rail	\$270 per hour	0%	10-20%
Commuter Rail	TBD		10-20%
Light Rail	TBD		10-20%

### Example Strategies

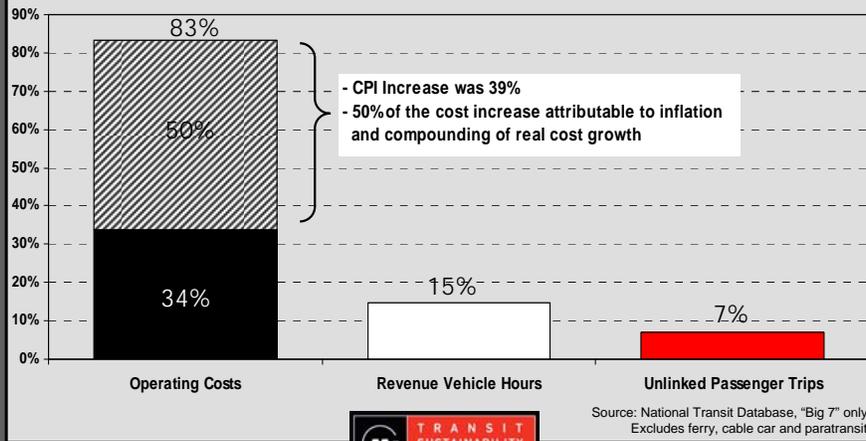
- Improve operating performance (speed, schedule efficiency, etc.)
- Reduce fringe benefit costs (cost sharing/employee contributions, two-tiered pension programs, etc.)
- Reduce overhead costs
- Reduce overtime
- Evaluate changes to business model for service delivery



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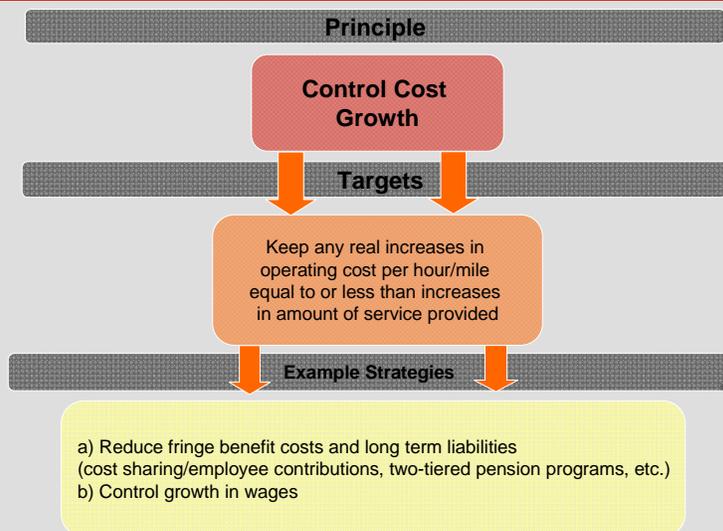
## Principle #2: Control Cost Growth

- Bay Area Large Operators: Percent Change in Cost and Performance Indicators (1997 – 2008)  
Costs have increased faster than increases in service



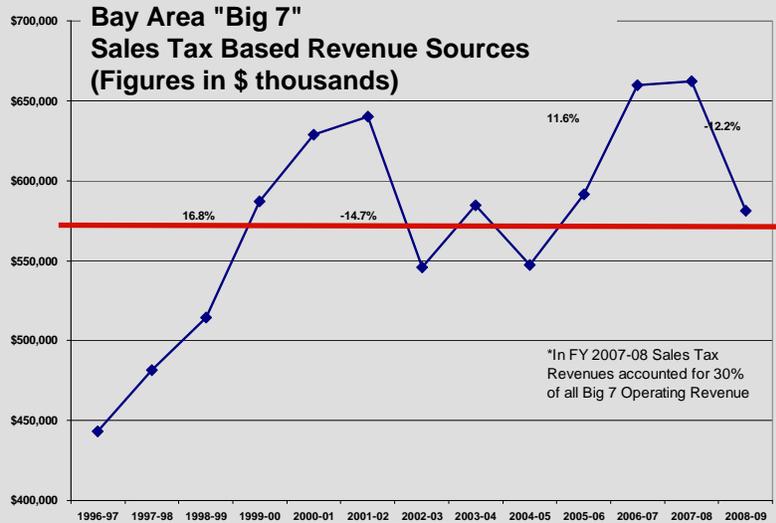
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## Principle #2: Control Cost Growth



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## Principle #3: Stabilize Operating Revenues



## Principle #3: Stabilize Operating Revenues

### Principle #3

#### Stabilize Operating Revenues

#### Targets

- a) Secure increased and more reliable funding equal to 10% of regional operating costs
- b) Reduce percent of operating budget reliant on sales tax to X% regionally
- c) Create regional operating reserve of 10% annual operating costs as hedge against revenue fluctuations

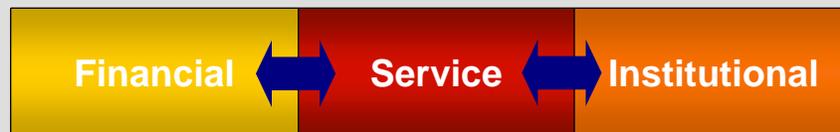
#### Example Strategies

- a) Secure new revenue source dedicated to transit
- b) Rely primarily on fare revenue from growth in passengers; index fares to inflation to minimize spikes in fares
- c) Assume no real growth in sales tax revenue consistent with 1997 – 2009 experience
- d) Reserve: deposit any "real" sales tax growth in excess of X%, manage cash flow to moderate impacts of unstable revenue and spiked pension payments



## Financial Summary

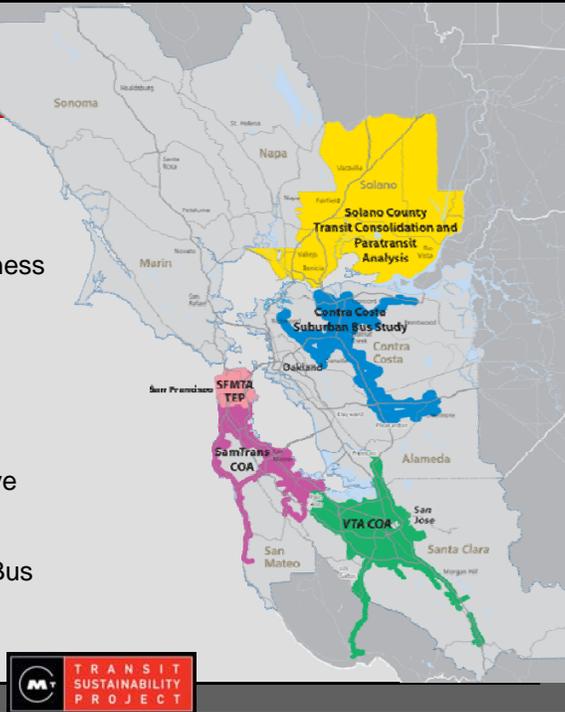
- Financial analysis is one element of the TSP
- Needs to be put in context of need for a robust transit system supported by land use and pricing policies
- Will also look at best practices for service delivery
- Work is iterative and will return after service and institutional work to refine principles and targets



## 6. Service Analysis Overview (if time allows)

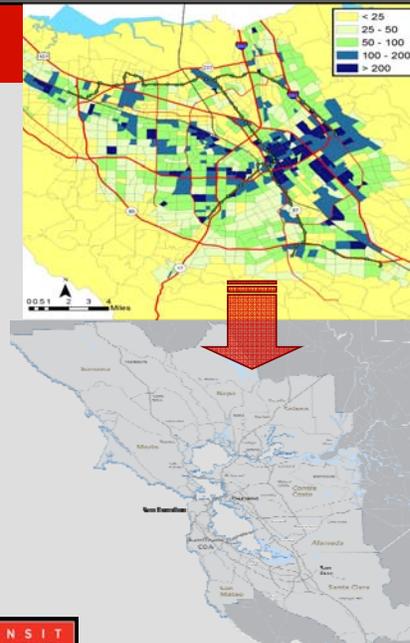
## Recent Service Evaluations

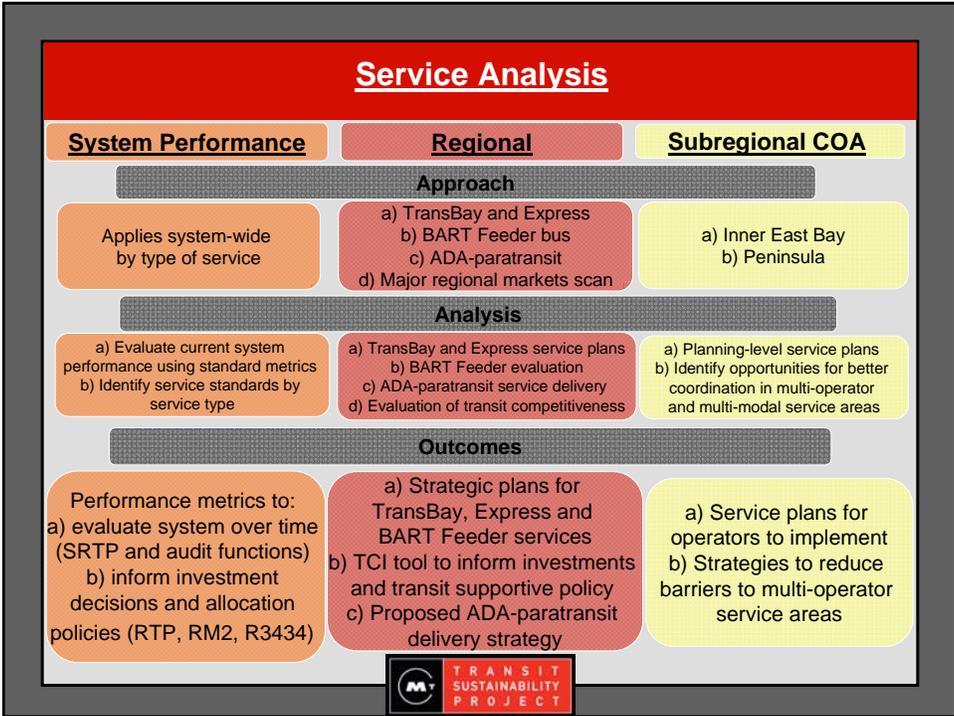
- VTA Comprehensive Operations Analysis
- SFMTA Transit Effectiveness Project
- Solano County Transit Consolidation Study and Paratransit Analysis
- SamTrans Comprehensive Operations Analysis
- Contra Costa Suburban Bus Study



## Service Analysis

- **System-wide:**
  - Establish performance metrics
- **Regional Services:**
  - Assessment of transit competitiveness
  - TransBay, Express, and BART Feeder Services
  - Analysis of ADA-paratransit
- **Sub-regional Service Analysis:**
  - East Bay and Peninsula





**Next Meeting:**  
**March 21<sup>st</sup>**  
**12:30-3:30pm**  
**Tentatively Scheduled**


TRANSIT SUSTAINABILITY PROJECT