



# Transit Sustainability Project

Commission Select Committee  
October 26, 2011



## Today's Agenda

### 1. Financial Analysis

### 2. Service Analysis

- Findings
- Proposed Performance Metrics
- Transit Performance Initiative
- Sub-regional Analysis

### 3. Next Steps

- Institutional Analysis
- Schedule

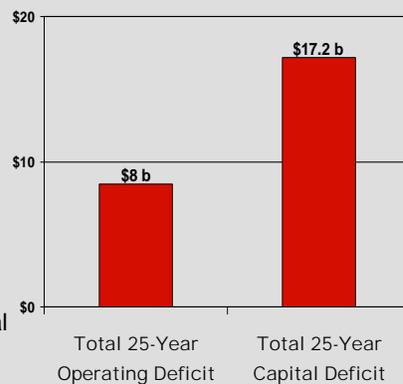


# Financial Analysis

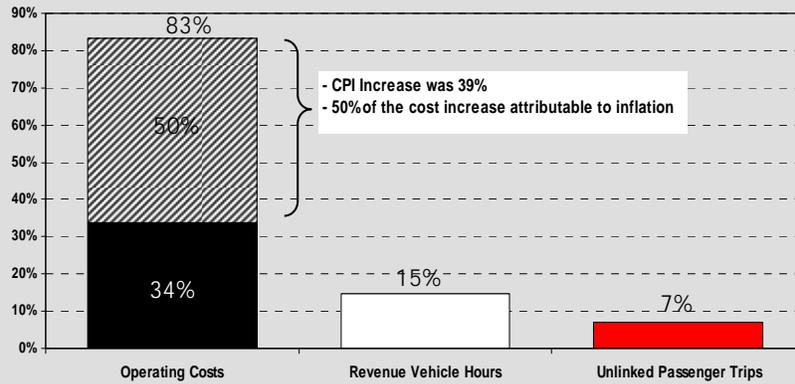
## Why now?

- Severe budget shortfalls in the short term.
- Service cuts are degrading the system.
- Long term viability of the existing system is at risk, let alone the ability to provide service expansion.
- Need to provide a customer-focused system that more people will use.
- A robust transit system is fundamental to achieve the objectives of Plan Bay Area.

**Transportation 2035 Projected Deficits**



## Bay Area Large Operators: Percent Change in Cost and Performance Indicators (1997 – 2008)



Source: National Transit Database, "Big 7" only.  
Excludes ferry, cable car and paratransit.



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## What is a sustainable transit system?

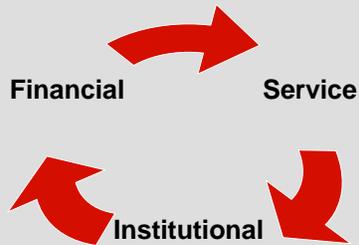
- **Customer:** A system that functions as an accessible, user-friendly and coordinated network for transit riders, regardless of mode, location or jurisdiction.
- **Financial:** A system that can cover its operating and capital costs with a growing share of passenger fare revenues as well as reliable streams of public funding.
- **Environmental:** A system that can attract and accommodate new riders in an era of emission-reduction goals, and is supported through companion land use and pricing policies.



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## Project Work Program

**Project Goal:** To identify the major challenges facing transit, confront them directly, and identify a path toward an efficient, affordable, well-funded transit system that more people will use.



## Reform *and* Revenue

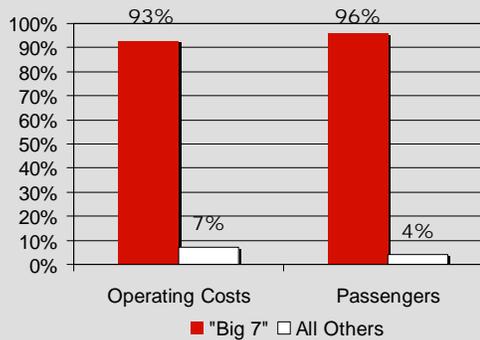


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## Financial Analysis Focused on the Large Seven Operators

### "Big 7"

- AC Transit
- BART
- Caltrain
- Golden Gate
- SamTrans
- SFMTA
- VTA



### Data Sources

- National Transit Database
- Interviews with agencies – CFOs
- Data from agencies
- Labor Contract reviews



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## Operating Cost Drivers

Operator  
Wages

Other  
Wages

Fringe  
Benefits

Work  
Rules

Service  
Changes

Staffing  
Levels



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## Work Rules and Business Model Analysis

- Current rules are the result of a long history of collective bargaining agreements and agency specific practices
- Rules impact how transit service is delivered and the cost of delivering service
- Scenarios tested provide possible areas of consideration and do not represent agency policy directive

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; Max 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



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## Financial Analysis – Summary Findings

- Operator wages:
  - Region's base operator wage rates are higher than many peers, but when adjusted for the cost of living, appear reasonable
- Fringe benefits:
  - Both health care costs and pension obligations are major cost drivers, requiring increasing percentages of agencies' operating budgets over time
- Work rules and business model:
  - Work rule and business model changes could potentially save significant operating costs
  - Implementation of specific work rule changes is under the purview of transit agencies and labor representatives during collective bargaining
- Administrative staffing levels:
  - There may be opportunities to reduce the percent of operating costs dedicated to administration; more analysis will be conducted as part of the institutional analysis



## Cost Containment Strategies Summary

- Potential annual regional savings if cost containment strategies applied regionally: approximately \$235 million
- Represents approximately 10% of annual operating costs

Cost Category	Potential Regional Savings
Fringe Benefits	\$65 million
Work Rules and Business Model	\$80 million
Administrative Staff Costs	\$90 million*
<b>Total</b>	<b>\$235 million</b>

\*More detailed analysis currently underway; estimated savings will be updated as information is available.



## Proposed Financial Metric

### Cost-Based

### Financial

Cost per service hour

Big 7 Operators only

Reduce operating cost by 10% per service hour within 5 years (inflation adjusted)

Feedback to date:

- Financial targets should be set compared to:
  - 2008 performance to account for reforms implemented to date or
  - the highest cost per hour experienced by each agency between 2008 and 2011
- 10 percent is an aggressive but meaningful target, necessary to demonstrate to the public that reforms are being made



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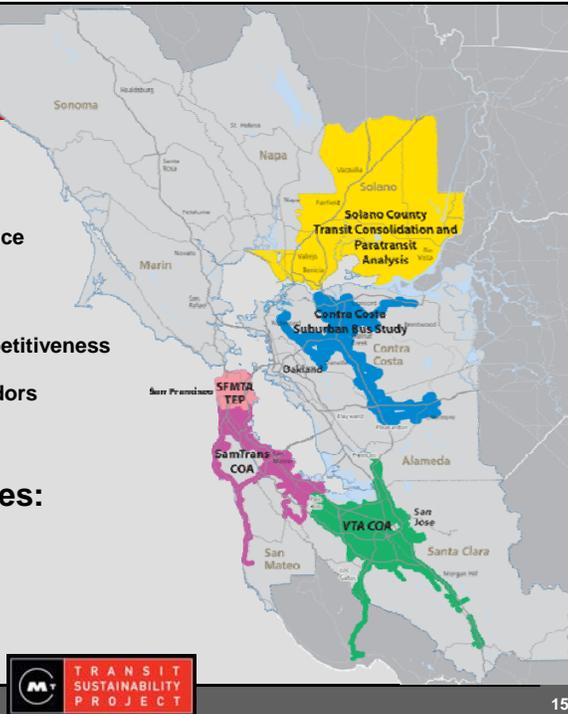
## Service Analysis



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## Service Analysis

- **System-wide:**
  - Evaluate existing performance
- **Regional Services:**
  - Assessment of transit competitiveness
  - Evaluation of regional corridors
  - Analysis of ADA-paratransit
- **Sub-regional Services:**
  - East Bay and Peninsula



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## Service Metrics

- **Service metrics focus on ridership generation, service efficiency, and service quality**
- **Service Productivity**
  - Attracting more passengers to the system, investing in strong markets and more cost efficient use of resources
- **Service Quality**
  - Providing a high quality service to the public that will attract more riders
- **Current focus is on existing service**
  - Capital expansion and replacement considerations still to be evaluated as part of Plan Bay Area

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## Why Service Performance Metrics?

- Overarching goal is to improve system productivity in the region and get more passengers on transit.
- Past approach has been to include assessment of individual agency standards, goals and objectives in Short Range Transit Plans.
- Performance Audits and Productivity Improvement Program process identify projects aimed at meeting agency standards, goals and objectives.
- This approach has not resulted in meaningful improvements in system productivity.



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## Service Categories: Regional



### Regional All-Day High Capacity

- All-day backbone service
- BART, Caltrain



### Regional All-day

- Fills in/supplements all-day regional service



### Regional Commute

- Peak-only, peak direction regional service



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## Service Categories: Subregional



### Urban Trunk

- All-day backbone service on higher-density arterials



### Subregional Commute

- Peak-only express-type services within county



### Local Network

- Moderate-density arterials mainly served by local bus



### Community Bus

- Local circulation often within lower-density areas



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## Proposed Focus for MTC

	Total Ridership	Total Cost	Total Revenue	Average Revenue Speed (mph)
<b>REGIONAL</b>				
Regional High Capacity	26%	30%	55%	35
Regional All Day	1%	3%	3%	18
Regional Commute	1%	2%	1%	18
Urban Trunk	53%	37%	27%	9
<b>TOTAL</b>	<b>81%</b>	<b>72%</b>	<b>86%</b>	

- Focus on multi-jurisdictional regional services
  - MTC directly involved in funding bus/ferry operating and rail capital investments
  - MTC is often involved in negotiations between transit agencies.
  - Bridge services – MTC/BATA involved in setting toll policy and bridge operations
- Focus on urban trunk
  - Carries 53% of total ridership in the region
  - Coincides with where the region is forecasting significant growth and tied to objectives of Plan Bay Area



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## Focus on Regional Services

- Regional system as defined by:
  - crossing the Bay, or
  - having a route length of twenty miles or more and crossing a county line
- Includes:
  - BART, Caltrain
  - TransBay bus services (AC Transit, Golden Gate, WestCAT, FAST, Dumbarton, SolTrans)
  - Express bus services if they cross a county line (SamTrans, VTA, LAVTA, Sonoma County, Napa Vine)
  - Ferry services (WETA, Golden Gate)



## Proposed Service Metrics

Productivity Based	Financial Effectiveness
Service	Financial and Service
Capacity Utilization (pass miles/seat mile)	Farebox Recovery
Regional Services only	Regional Services only
Increase capacity utilization by 10% within 5 years*	Improve farebox recovery ratio to meet average based on service type within 5 years

Feedback received to date:

- Split opinions on whether or not to include performance metrics for non-regional services
- Investments may be needed to improve service to attract more passengers

New services have a 3-year ramp up period.  
\*Not required if utilization greater than 85%.



## Non-Regional Services and Small Operators

### Non-Regional Services:

- Proposing that local transit agencies set performance metrics and standards for non-regional service
- Report progress towards standards to the Commission on an ongoing basis

### Small Operators:

- Fully expect small operators to play a role in joint, coordinated efforts to improve the transit customer experience, including implementation of the Clipper program
- Recommendations from the Paratransit work related to both managing costs and improving mobility will include items for all operators in the region.



## Next Steps – Performance Metrics

- Determine monitoring and enforcement:
  - What funding sources are the performance metrics applied to?
  - Who is eligible for new funds tied to improved performance?
- Bring final recommendations to the Commission in early 2012

## Transit Performance Initiative



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## Transit Performance Initiative

- *Transportation 2035* included a strong commitment to the Freeway Performance Initiative (FPI), which identified low-cost investments that improve operating efficiency of the freeway network
- Recommending a similar transit initiative for low-cost capital investments that improve operations and customer experience
  - Transit signal prioritization
  - Passenger circulation improvements at major hubs
  - Boarding improvements – e.g. level boarding, fare collection, new curbside infrastructure, etc.
  - Stop improvements – e.g. real-time information, shelters, lighting, etc.
- Would build off of recommendations from agency initiatives



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## Urban Trunk System

- All-day backbone bus and light rail service on higher-density arterials
- Carries 53% of trips in the region
- Average operating speed of 9 mph

Agency	Average Speed: Urban Trunk Routes
AC Transit	10 mph
Muni	8 mph
SamTrans	12 mph
VTA	14 mph



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## Expected Benefits

- Speed improvement benefits both the customer and the agency; minimal tradeoffs
- Can significantly improve farebox recovery and cost per passenger boarding; can also reduce operating costs
- Speed improvements are most beneficial when more service can be operated for the same cost or the same service with reduced cost
- Must account for accessibility considerations as develop projects



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## Example: AC Transit

- Urban Trunk routes – average revenue speed just 10mph
- 5% speed increase:
  - Over 26,800 hours saved annually\* and almost 1.2m additional boardings
  - Savings of ~\$3.6m annually (direct cost) plus farebox revenue
- 10% speed increase:
  - Over 51,200 hours saved annually\* and almost 2.3m additional boardings
  - Savings of ~\$6.9m annually (direct cost) plus farebox revenue

\* Assumes time savings do not go into additional layover



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## Transit Effectiveness Project

- Improve Reliability and Build Confidence
- Travel time reductions
  - 10 to 30% (varies by route type)
  - Transit priority improvements
    - Transit-only lanes and bypass lanes
    - Transit signal priority
    - Bus bulbs
  - Stop consolidation on busiest routes
  - Faster boarding via ticket vending machines all-door boarding, and low-floor buses
- Highest investment proposed for **Rapid Network** which carries the majority of customers



## Rapid 522



- “Speed” Strategies
  - Limited Stops (30 vs. 115 for local)
  - Free Running Schedules
  - Bus Signal Priority
- Palo Alto to Eastridge
  - **22% Travel Time Savings**
- Palo Alto to 1<sup>st</sup> & Santa Clara
  - **24% Travel Time Savings**
- Distinctive vehicles
- 15 minute headways
  
- Total budget: \$1.4 million
- 17% Ridership Increase



Evening Times Start 5 and 10<sup>15</sup> x 5%

**Beginning this July... 522**

**Faster, more direct service between Palo Alto and East San Jose**

- > **Frequent, All-day Service**
- > **Priority at Traffic Signals**
- > **Reduced Stops**

VTA Rapid 522. You'll know it as soon as you see it.

(408) 321-2300 (800) 894-9908 TDD (408) 321-2320 www.vta.org



Rapid 522

## Next Steps – Transit Performance Initiative

- Proposing a ~\$30 million initial program for the urban trunks
- Meet with urban trunk operators to develop program
- Confirm funding, including timing and eligibility
- Prioritize projects based on cost/benefit, speed of implementation, and fund source eligibility
- Include as part of recommendations to the Commission in early 2012



## Sub-Regional Analyses: Inner East Bay and Peninsula

### Sub-Regional Service Analysis – Inner East Bay

- Collaborative effort with BART and AC Transit staff to evaluate service in the Inner East Bay
- Outcomes:
  - Comprehensive service and market review of AC Transit and associated BART service
  - Identify customer-focused coordination opportunities between AC and BART services
  - Identify gaps and/or duplication in terms of service coverage (by location and/or time of day)
  - Identify joint fare products
  - Identify resource requirements for service improvements

## Sub-Regional Service Analysis – Peninsula Caltrain Corridor

- VTA and SFMTA recently completed comprehensive evaluations of their respective service areas; SamTrans is currently undertaking a similar effort
- Peninsula corridor analysis will focus on:
  - Trips between service areas
  - Connections with Caltrain (including private shuttles)
  - Implementation of recommendations from previous efforts

**Next Steps:**  
**1) Institutional Analysis**  
**2) Schedule**

## Institutional Scope of Work

- Conduct a focused analysis of specific challenges
- Identify challenges and missed opportunities
  - What are the financial and customer challenges as a result of the current institutional structure?
  - What opportunities exist for improvement?
- Identify other governance models, nationally and internationally that would address those challenges
- Outline phasing and implementation options



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## Missed Opportunity for Sharing Resources

- Resource assignment that is spread across agencies for functional areas
- Bay Area Big 7 transit agencies employ 11,729 FTEs

Category	FTEs	Percentage
<b>General Administration</b>	<b>1,251</b>	<b>11%</b>
Human Resources/EEO/Risk Management/Safety	277	22%
Financial/Audit/Grant Administration	204	16%
Information Technology	158	13%
Public Information/Affairs/Marketing	154	12%
Board/Executive/Senior Management	115	9%
Legal/Procurement/DBE	114	9%
Engineering/Capital Projects/Real Estate	100	8%
Long Range Planning/Service Planning/Title VI	49	4%
Other	44	4%
Admin Support/Clerical	35	3%
<b>Non-Administrative</b>	<b>10,478</b>	<b>89%</b>

Source: Mundle & Associates;  
data directly from agencies



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## Missed Opportunity for Joint Service and Capital Planning

- Lack of joint service planning/delivery for seamless service for the customer
- Lack of joint capital program development leads to competing needs and projects



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## Missed Opportunity for Coordinated Fare and Customer Service Policies

- Inconsistent fare policies
- Highest common denominator approach to regional projects (Clipper, 511)
- Inconsistent customer experience (e.g. signage, trip planning, maps, etc.)

Transit Operator	Senior/ Disabled	Youth	Child
AC Transit	50%	50% (5-17 yrs.)	4 and under free (limit 2)
BART	63%	63% (5-12 yrs.)	4 and under free
Caltrain	50%	50% (5-17 yrs.)	4 and under free (limit 1)
County Connection	66%	Same as adult	Under 6 free
Golden Gate Transit	50%	50% (6-18 yrs.)	5 and under free (limit 2)
SamTrans	58%	43% (5-17 yrs.)	4 and under free (limit 1)
San Francisco Muni	66%	66% (5-17 yrs.)	Under 5 free
Santa Clara VTA	58%	15% (5-17 yrs.)	Under 5 free
WestCAT	58%	Same as adult	Under 6 free (limit 2)

Discounts as of 2009.



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## Schedule

Final Performance Metrics Recommendations				
Paratransit User Outreach & Final Recommendations				
Institutional Analysis				
	Inner East Bay & Peninsula Recommendations			
		Conduct Regional Gas Tax Poll		
		Public Outreach		
			Draft Recommendations to the Commission	
				Final Recommendations to the Commission
November	December	January	February	March

