



Transit Sustainability Project

Project Steering Committee
January 6, 2012



Today's Agenda

1. Introductions
2. Performance Approach
3. Inner East Bay COA Overview
4. Institutional Analysis Update



Progress to Date

Financial Performance (for the Big 7 operators)

- At your last meeting, there was general agreement that a 10% reduction in operating costs per hour over a 5 year period was an aggressive but meaningful target
- Staff was directed to work with agency and stakeholder representatives to get feedback on a monitoring approach, which will be presented today

Service Performance

- Concerns were raised about service performance metrics and how they could be appropriately applied across the region
- Interest was expressed in involving the small operators in a meaningful way
- A revised approach will be presented for discussion today



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Financial Performance



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Cost Containment Strategies

- Identified strategies to reduce operating costs
- Potential savings in each area varies significantly by agency; no one-size fits all solutions
- Potential annual regional savings if cost containment strategies applied regionally: **approximately \$235 million or 10 to 12% of annual operating costs**

| Area | Findings/Strategies Identified | Potential Savings |
|--|--|-------------------|
| Fringe Benefits | <ul style="list-style-type: none"> •Findings: Fringe benefits have increased significantly; accounts for 34% of operating costs •Strategies: Two-tiered pension system, employee contributions, cap agency contribution to medical insurance, limit coverage options | \$65 million |
| Work Rules and Business Model | <ul style="list-style-type: none"> •Findings: Premium pay data suggests further analysis could produce options for lowering operating costs •Strategies: 40 hour weekly guarantee, minimize unnecessary layovers, some part time drivers, contract a portion of operations | \$80 million |
| Administrative Staff Costs (subject to results of institutional analysis) | <ul style="list-style-type: none"> •Findings: Bay Area operators dedicate a higher percentage of operating budgets to administrative costs than peers; •Strategies: Reduce percentage of costs going to administration to be in-line with peers | \$90 million |



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Proposed Financial Metric

| |
|--|
| Cost-Based |
| Financial |
| Cost per service hour |
| Big 7 Operators only |
| Reduce "real" operating cost by 10% per service hour within 5 years |

Feedback to date:

- Financial targets should be set compared to 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
- 3 years too short a timeframe to see the benefits of investments and negotiations



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Proposed Financial Metric - ILLUSTRATIVE

Target for Big 7 Agencies: 10% reduction in operating cost per hour

| Agency | BASE YEAR Highest Annual Cost per Hour 2008 - 2011 Adjusted to \$2011 | BASE YEAR | 10% REDUCTION TARGET in \$2011 | FY2016-17 TARGET IN \$2017 |
|-------------|---|-----------|---|----------------------------------|
| AC Transit | 156 | FY2007-08 | 140 | 168 |
| BART | 264 | FY2007-08 | 238 | 284 |
| Caltrain | TBD | TBD | TBD | TBD |
| Golden Gate | 262 | FY2010-11 | 236 | 282 |
| SFMTA | 212 | FY2010-11 | 191 | 228 |
| SamTrans | 150 | FY2010-11 | 135 | 161 |
| VTA | 181 | FY2010-11 | 163 | 195 |

- 1) All Data from TDA submittals, except SamTrans FY2010-11 data (preliminary actuals)
- 2) FY2010-11 data will be revised to reflect audited final numbers
- 3) \$2017 figure assumes 3% CPI Rate - Actual CPI rate will vary
- 4) Figures include all modes



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Financial Performance Monitoring

- Metric: By the end of FY2017, reduce “real” operating cost per hour by 10% from the highest annual operating cost per hour between 2008 and 2011
- Existing and new operating and capital funds administered by MTC linked to progress towards target

| | | |
|-------------------|-------------------------------------|--|
| FY 2013 | Year 1 | <ul style="list-style-type: none"> ▪ Transit agencies develop and adopt plan for meeting targets |
| FY 2014 – 2017 | Year 2 – 5 | <ul style="list-style-type: none"> ▪ Report progress to Boards and MTC |
| FY 2018 & FY 2019 | 1 st years of compliance | <ul style="list-style-type: none"> ▪ Report final performance to Boards and MTC ▪ Funds may be allocated or withheld as early as FY2018 based on progress towards target |



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Service Performance

Service Performance Approach – Initial Proposal

- Initially proposed productivity and farebox performance measures for regional routes
- Comments to date include:
 - Too difficult to set single regional metrics that can apply to the various land uses and types of service in the region
 - The region should not ignore local service
 - Agencies should establish their own metrics and performance targets but be held accountable for achieving them
 - Consider a “carrot” approach rather than “stick”

Revised Approach: Transit Performance Initiative

- Regional performance standards are not practical
- As an alternative, implement an investment and incentive approach to achieve improved service performance
 1. Regional investment in supportive infrastructure to achieved performance improvements in major transit corridors
 2. Incentives: Reward agencies that achieve improvements in ridership and service productivity



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Transit Performance Initiative – Investment

- Implement pilot program focused on transit supportive investments in major urban trunk corridors
 - Initial ~\$30 million capital to be proposed for OneBayArea Grant program
 - Implement several “quick wins” within 12 to 24 months and demonstrate value of additional investments in congested urban corridors
 - Approve the first program of projects in April 2012 with the TSP adoption
- Condition local streets and roads funding on local support for improving transit competitiveness on major corridors (OneBayArea Grants or other Plan Bay Area policies)
- Rescoped “Freeway Performance Initiative” proposed in Plan Bay Area includes funding for major arterials that can be used to support transit performance improvements



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Transit Performance Initiative – Incentive

- Financial reward for improved ridership and productivity (all operators)
- Link to existing regional sources – propose a portion of FTA 5307 flexible set aside in near-term – and/or to a new funding source (e.g. regional gas tax)
- Formula program linked to actual growth in annual passengers and productivity improvement as well as total ridership
 - Example:
 - 50% based on share of region's ridership
 - 25% based on increase in passengers
 - 25% based on increase in productivity (passengers per hour)



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Small Operator Performance

- Focus on increased coordination to improve the customer experience and/or result in cost efficiencies
- Establish measurable milestones for implementation
- Link any new transit funding or existing regional funding to achieving milestones



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Targeted Strategies: Small Operators Coordination

Strategy Areas

- Fare
- Capital & Service Planning
- Customer Service

Coordination Opportunities

- Uniform eligibility/fares for transfers, discounts
- County-based SRTPs/joint purchase requirements
- Joint call centers/marketing

| Possible Coordination Concept | Milestone Timeframe | | |
|-------------------------------------|---------------------------|----------------------------|---------------------------|
| | Short-Term (1-2 years) | Medium-Term (3-5 years) | Longer-Term (5+ years) |
| Standard Fare Policy | | | |
| A. Joint Fare Structure | X | | |
| B. Clipper Roll-out | | X | X |
| County/Subarea SRTPs | X | | |
| Joint Purchasing | X | X | |
| Joint Call Centers/Marketing | | X | |

Inner East Bay Comprehensive Operations Analysis

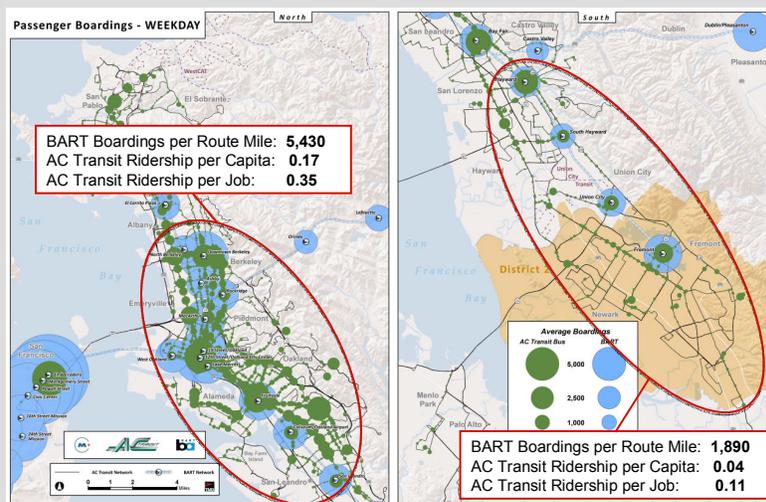
Inner East Bay Service Analysis

- 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 service coverage (by location and/or time of day)
 - Identify joint fare products
 - Identify resource requirements for service improvements



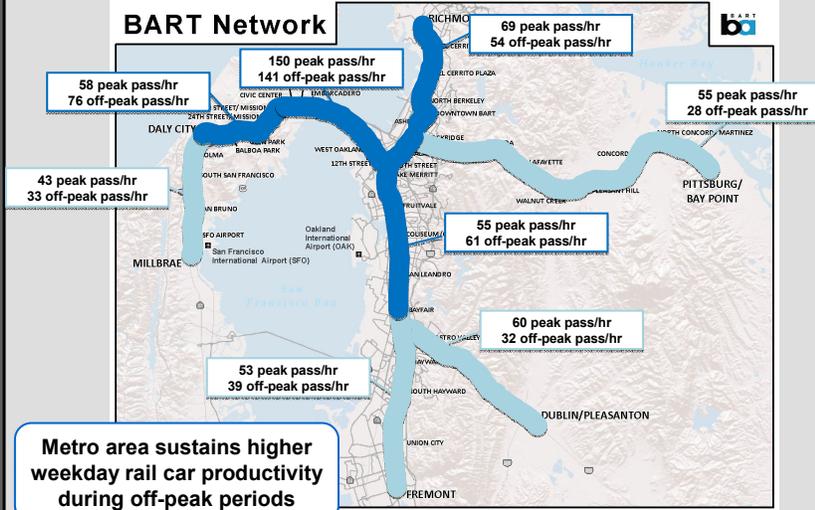
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Metro Markets vs. Commute Markets



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Rail Productivity



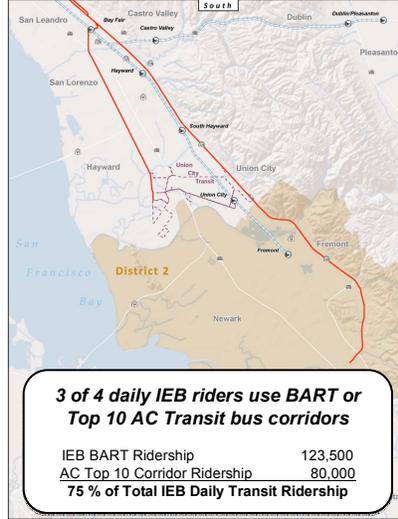
AC Transit Key Corridor Ridership

Top 10 bus corridors account for **53%** of AC Transit ridership

| Corridor | Routes | Weekday Ridership |
|---------------------------------|--------------------------------|-------------------|
| International /14 th | 1, 1R, 801 | 15,450 |
| San Pablo | 72, 72R 72M, 800, 802 | 12,950 |
| Foothill/Bancroft | 40, 840 | 8,950 |
| MacArthur | 57, 58L, 805, NL | 8,630 |
| College/Broadway | 51A, 51B, 851 | 8,490 |
| Telegraph | 1, 1R, 800 | 7,890 |
| Mission | 22, 93, 99, 217, 232, 345, 801 | 4,650 |
| University | 51B, 52, 88, 800 | 4,580 |
| Shattuck/MLK | 7, 18 | 4,520 |
| Hesperian | 22, 83, 85, 75, 97, 391 | 3,690 |
| Total | | 79,800 |

Key Corridor Network

Top 10 Inner East Bay Corridors



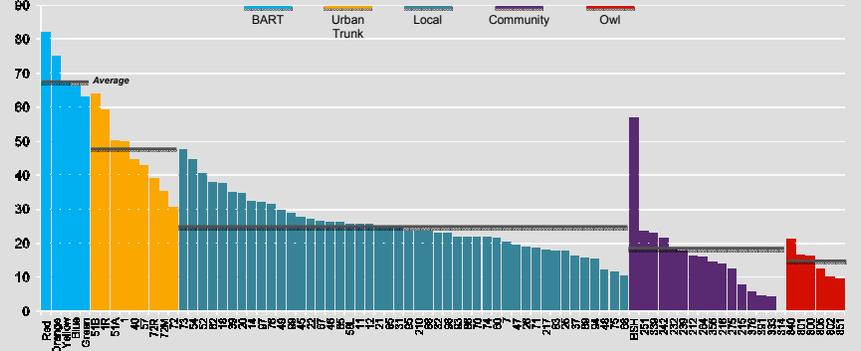
3 of 4 daily IEB riders use BART or Top 10 AC Transit bus corridors

| | |
|---|---------|
| IEB BART Ridership | 123,500 |
| AC Top 10 Corridor Ridership | 80,000 |
| 75% of Total IEB Daily Transit Ridership | |



Service Productivity

Weekday Passengers per Vehicle Revenue Hour



Metro Core Speed Improvements

- Improve Urban Trunk (Rapid/Local) operating speeds for positive rider impact and increased productivity

| Weekday Service | | |
|-----------------|---------------|----------------------|
| Service Type | Average Speed | Average Productivity |
| Rapid Bus | 11.4 mph | 50.1 pph |
| Urban Trunk Bus | 9.5 mph | 46.4 pph |

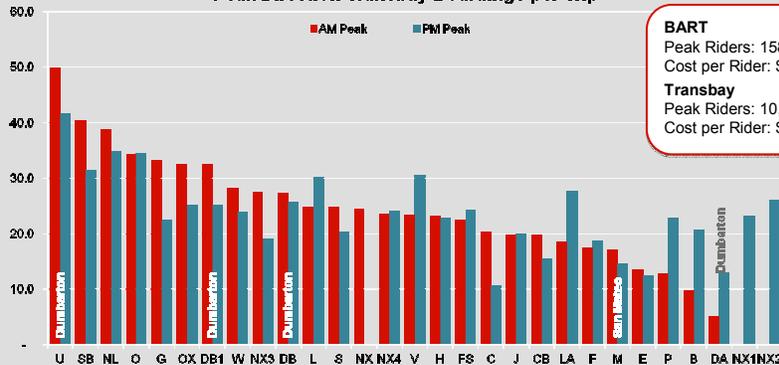
Weekday Scheduled Bus Speed



Transbay Service Productivity

- On average AC Transit Transbay routes carry 26 passengers per trip in the peak direction

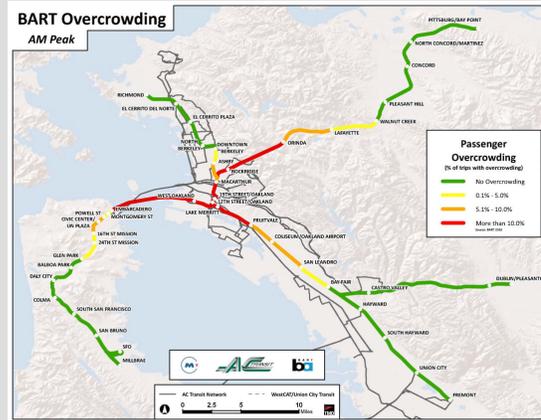
Peak Direction Transbay Boardings per Trip



Not Shown: NX2 and LC do not provide peak service; DB3 (cancelled) and Z provide counter peak trips

BART Overcrowding

- Approximately 17% of BART trips exceed the current load standard
 - Nearly half are during peak periods
 - Peak overcrowded trains = 40 standees per car



Note: Peak Capacity = 107, Peak Shoulders Capacity = 75, Off-Peak Capacity = 65



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Additional Analysis Underway

- Service analysis next steps:
 - Demand and capacity utilization considering both AC Transit and BART together
 - Service productivity
 - Transbay service
 - Pricing policies: Consider modifying fare structure to remove transfer barriers between rail and bus modes
 - Joint planning and coordination: Investigate potential for coordination of certain functions to help develop seamless Inner East Bay transit system



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Institutional Analysis

Institutional Task Objectives

Vision of what an improved, sustainable regional transit system would look like

Near-term 'wins' to demonstrate direction and progress

Implementation path with key milestones to improve regional system

Ongoing processes to implement priority changes

A compelling narrative for the public

Context for Institutional Analysis

Focus on customer experience

Apply best practices from peer agencies around the nation and world

Use data to inform decision-making

Consider existing complex governance structure

Consider political environment

Include both short and long-term approaches



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Components of the Analysis

- Evaluate opportunities for collaboration
 - County-level transit plans including multiple operators
 - Customer-focused regional branding, fare coordination and information
- Evaluate opportunities for consolidation
 - **Functions**—e.g., paratransit and RTC eligibility determinations, call center, maintenance, procurement, benefits administration
 - **Geography**—e.g., County or corridor based
 - **Mode**—e.g., single rail operator
 - **Service Type**—e.g., regional express bus services
- Evaluate opportunities for change
 - Centralize service planning for regional routes and link to project development
 - Synchronize eligibility/fares for transfers & discounts
 - Consistent process for performance measurement



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Other Regional Models: Drivers for Change, Approach, Outcomes, Relevance for Bay Area

| Focus Area | Example Peer Agencies |
|-----------------------------|--|
| Institutional consolidation | <ul style="list-style-type: none"> ▪ NYMTA ▪ Transport for London ▪ Chicago RTA ▪ Soltrans ▪ Napa VINE |
| Functional consolidation | <ul style="list-style-type: none"> ▪ LA (<i>paratransit</i>) ▪ NYMTA (<i>call centers, communication, procurement and other business services; large capital projects</i>) ▪ SANDAG (<i>capital project delivery</i>) ▪ Toronto Metrolinx (<i>procurement, capital program</i>) |
| Service planning | <ul style="list-style-type: none"> ▪ WMATA (<i>regional bus system overlaid on local county/city systems</i>) ▪ Vancouver (<i>planning/financing for multiple operators</i>) ▪ St. Louis (<i>single regional agency plans, finances, manages</i>) ▪ SANDAG (<i>service planning for two operators</i>) |
| Coordinated fare policy | <ul style="list-style-type: none"> ▪ SANDAG |



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Example: New York MTA Functional Consolidation - Creation of Business Services Center (BSC)

- **Consolidates Accounting, Human Resources, Payroll and Procurement services for all MTA operating companies** (*including NY City Transit, MTA Bus, Long Island Bus and two commuter railroads, LIRR and Metro-North*)
 - Began processing vendor invoices January 2011; expected five years to implement all BSC operations at a cost of \$170 to \$235 million
- **ROI projected within 5 years; ongoing savings of \$40 million annually**
- **FTEs expected to be reduced by almost 40%**
- **Reduces redundancy, increases transparency and access to info for planning and decision making**
 - Invoices are being processed faster

Relevance to Bay Area - potential model for jointly-operated support functions serving more than one operator, and standard processes for joint procurements, to reduce costs and improve quality of support services



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Example: TransLink (Vancouver, B.C.) Service Planning

- **TransLink designs route structure, sets frequencies & service standards**
- **Operators conduct all crew & vehicle scheduling, negotiate union labor agreements & work rules**
- **Transit network evolves through iterative process:**
 - Each service change jointly negotiated between TransLink and operator to ensure appropriate level of funding and avoid unintended negative impacts to existing service
 - Funding decision directly incorporates operability considerations; service changes include funding authorization

Relevance to Bay Area – potential model for more effective use of regional funds to support transit operations



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Example: WMATA (Washington, D.C.) Service Planning

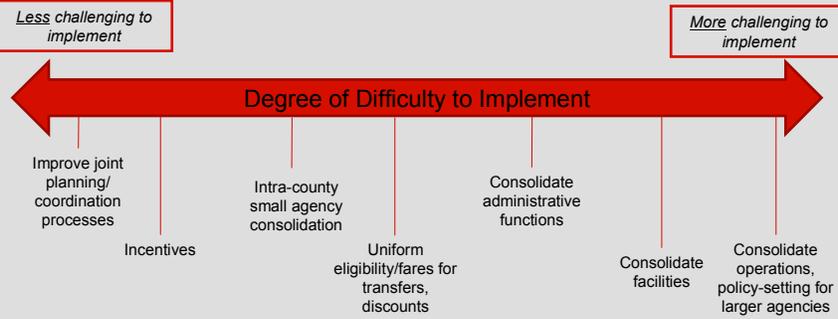
- **After failure of multiple local bus companies, two-tier approach to bus service developed**
 - Certain types of routes defined as “regional” – all service planning, fares, and operations handled by METRO
 - All other routes under local control – two jurisdictions operate as county department, others contract out (including several to METRO)
- **Regional routes funded through cost-sharing formula based on jurisdiction share of population, RVM, RVH, and boardings**
 - Planned transition period included commitments to communities, labor, and customers so that the change in funding approach was orderly and did not create local agency/operator budget issues
 - Recommendation for incentive-tier funding based on ridership growth

Relevance to Bay Area – potential model for cost sharing to support new/augmented regional services



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Focus Areas by Implementation Challenge



Key Question is: what are the benefits of any of these strategies?

Next Steps

Next Steps

- Finalize performance framework and forward to the Commission
- Complete institutional analysis to identify best opportunities with greatest potential for efficiencies
- Brief the Commission Select Committee
- Release call for projects for investment program – project approval in April with the TSP adoption
- Finalize OneBayArea grants
- Final PSC meeting in February