



## Transit Sustainability Project

Select Committee  
January 25, 2012



## Today's Agenda

1. Project Update and Schedule
2. Financial and Service Performance
3. Transit Performance Initiative Investment Program



## Analysis to Date

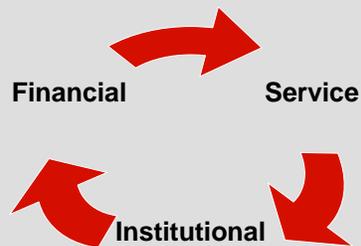
1. Financial
2. Service
3. Paratransit
4. Inner East Bay Comprehensive Service Analysis



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## Project Overview

**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.

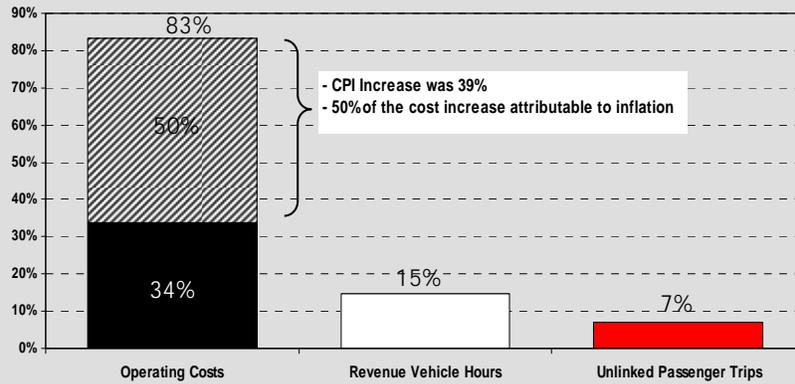


Reform *and* Revenue



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## 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.



## 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.



## Financial Performance

*Goal – Focused effort by transit agencies to contain costs.*



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## Select Committee Direction – October 2011

- Focus financial targets on large agencies
- Continue working with small operators on service improvements/coordination



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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

- Financial targets would be set compared to the highest cost per hour experienced by each agency between 2008 and 2011. Note that 10% would include all savings from labor agreements since 2008.
- 10 percent is an aggressive but meaningful target, necessary to demonstrate to the public that costs are being managed.
- Project Steering Committee input included concerns that target may be unrealistic and may have a negative impact on service quality.



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



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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)
<b>Standard Fare Policy</b>			
A. Joint Fare Structure	X		
B. Clipper Roll-out		X	X
<b>County/Subarea SRTPs</b>	X		
<b>Joint Purchasing</b>	X	X	
<b>Joint Call Centers/Marketing</b>		X	



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## Service Performance

*Goal – Improve customer experience and attract more passengers.*



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## Approach: Transit Performance Initiative

- Uniform performance standards applied regionally 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 proposed for OneBayArea Grant program
  - Implement several projects 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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## Eligible Projects

- Major Trunk Routes with high ridership/passenger miles
- Routes designed to run every 15 minutes or less
- Operating speeds currently below system average (under 15 mph)
- Investment must result in improved operating speed and/or frequency
- Staff recommends focusing initial \$30 million on the largest bus systems with high ridership urban trunks: AC Transit, SFMTA, SamTrans, and VTA that have adopted plans for these improvements but do not have funding to implement



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## Proposed Evaluation Criteria

- Timeliness of Implementation and project management capacity –  
Priority for implementation within 12-24
- Cost-effectiveness and Performance Indicators  
Travel time savings  
Operating Cost Savings
- Priority given to corridors with more frequent service
- Project Readiness – Evidence of engineering and operational support from local jurisdictions (roadway owner/operators)



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## Transit Performance Initiative Pilot Program

Milestone	Schedule
Release Call for Projects	January 2012
Deadline for application submittal	March 2012
Recommend Pilot Program of Projects	April 2012
MTC Approval of TPI Pilot Program of Projects	April 2012
MTC Approval of One Bay Area Grant Program	May 2012



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## Next Steps

1. January 2012 – Issue Transit Performance Initiative Call for Projects
2. February 2012 – Joint Select/Project Steering Committee Meeting to discuss recommendations:
  - Financial Performance*
  - Service Performance*
  - Small Operators*
  - Institutional Analysis*
  - Paratransit*
3. March 2012 – Select Committee reviews Draft TSP Recommendations
4. April 2012 – Select Committee forwards final TSP recommendations to Commission for approval
5. April 25, 2012 – Commission adopts TSP recommendations



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