



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6

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Memorandum

TO: Policy Advisory Council

DATE: February 1, 2012

FR: Kenneth Folan

W.I. 1517

RE: Transit Sustainability Project Update

At your February meeting, staff will present an update on the Transit Sustainability (TSP) project, including the financial and service elements of the project. Additionally, staff will provide an update on the Transit Performance Initiative proposal. We seek your input on the recommendations to date, to inform final meetings on the TSP over the next three months.

Background

The TSP is being informed by significant consultation with the Project Steering Committee (PSC) and Technical Advisory Committees (TACs) focused on the financial, service and paratransit analysis. The PSC is composed of twenty one members and meets approximately every other month to provide executive-level input from the transportation agency, government, labor, business, environmental and equity perspectives throughout the course of the project. The Commission has also established a Select Committee, focused on the TSP. Material presented today to the Policy Advisory Council has been reviewed with the PSC and the Commission's Select Committee.

Information about the TSP has been presented at multiple public events and forums sponsored by interested parties. Additional public outreach is underway in coordination with outreach for Plan Bay Area.

Financial and Service Performance

At your meeting, we will discuss staff's proposed performance approach, which reflects revisions based on stakeholder input. We continue to recommend an overall financial performance goal of a 10% reduction in operating cost per hour. In terms of service performance, we are recommending an investment and incentive approach. We will present both for your feedback, hold one more meeting to receive final Project Steering Committee input and present a final recommendation in a joint meeting of the Select and Project Steering Committees in February. The presentation on this item is attached.

Transit Performance Initiative

As part of the OneBayArea Grant program, staff has proposed an initial commitment of \$30 million to fund service improvements on major bus and light rail corridors that can be implemented over a 12-24 month timeframe. If successful in demonstrating achievement of operational and ridership goals, similar investments would be recommended in the future. The title and scope of this program is intended to evoke the Freeway Performance Initiative, which has resulted in major reductions in vehicle delay on the region's highways.

The region's urban trunk network of major transit lines carries over half of the total ridership in the region and coincides with where the region is forecasting significant growth. This network includes both bus and light rail operations on heavily traveled, congested urban corridors. Despite relatively slow operating speeds these routes nonetheless generate significant ridership. The Select Committee has approved issuing a call for projects, with an initial commitment of \$30 million, to fund a pilot program for service improvements on major bus and light rail corridors that improve operations and customer experience in this network.

Additional TSP Focus Areas

The third and final element of the TSP, the institutional analysis, is underway. Recommendations will be presented in February incorporating the TSP financial and service work. The Policy Advisory Council will have an opportunity to provide input on the draft institutional recommendations in March.

Additionally, at the sub-regional level, we are conducting more detailed analysis in the Inner East Bay (focusing on the overlapping service areas of AC Transit and BART). The Inner East Bay analysis includes a comprehensive service and market review of AC Transit and BART service, an examination of opportunities to improve connectivity between the two systems, identification of gaps or duplication of service coverage, and resource requirements for service improvements.

Schedule

We are scheduling a joint TSP Select Committee/Project Steering Committee meeting in February, followed by a March release of draft recommendations for public comment of all three elements of the TSP work program: financial, service and institutional. We intend to present final project recommendations for Commission approval in April, prior to Commission action on the preferred Sustainable Community Strategy (SCS) in May. Specific meeting dates are still pending.

Milestone	Schedule
Update Select Committee/Approve Transit Performance Initiative	January 2012
Joint TSP Select Committee/Project Steering Committee	February 2012
Policy Advisory Council review/input on draft TSP Recommendations	March 2012
Release Draft Recommendations for Public Comment	March 2012
Final Recommendations to the Select Committee and Full Commission	April 2012



Transit Sustainability Project

Policy Advisory Council
February 8, 2012



Today's Agenda

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

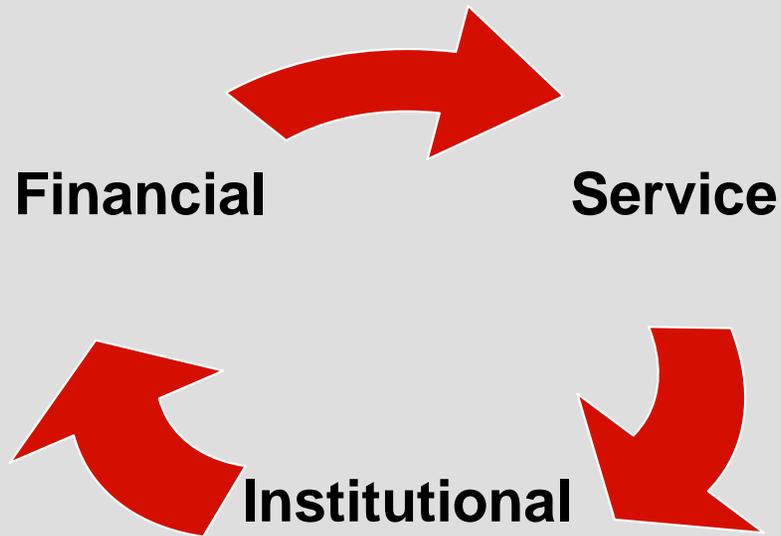


Analysis to Date

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

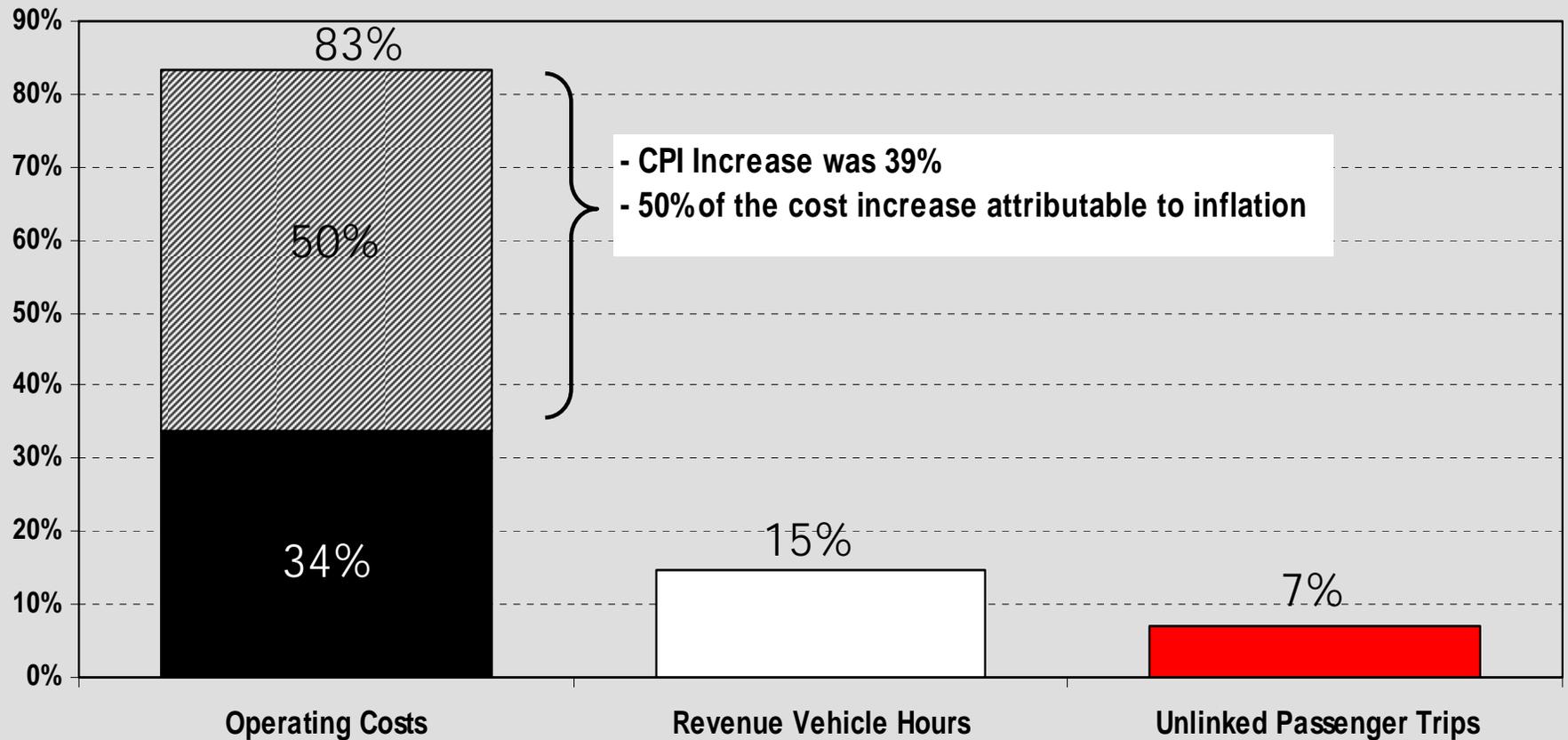
Project Overview

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

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.

Select Committee Direction – October 2011

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

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.

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

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	

Service Performance

Goal – Improve customer experience and attract more passengers.

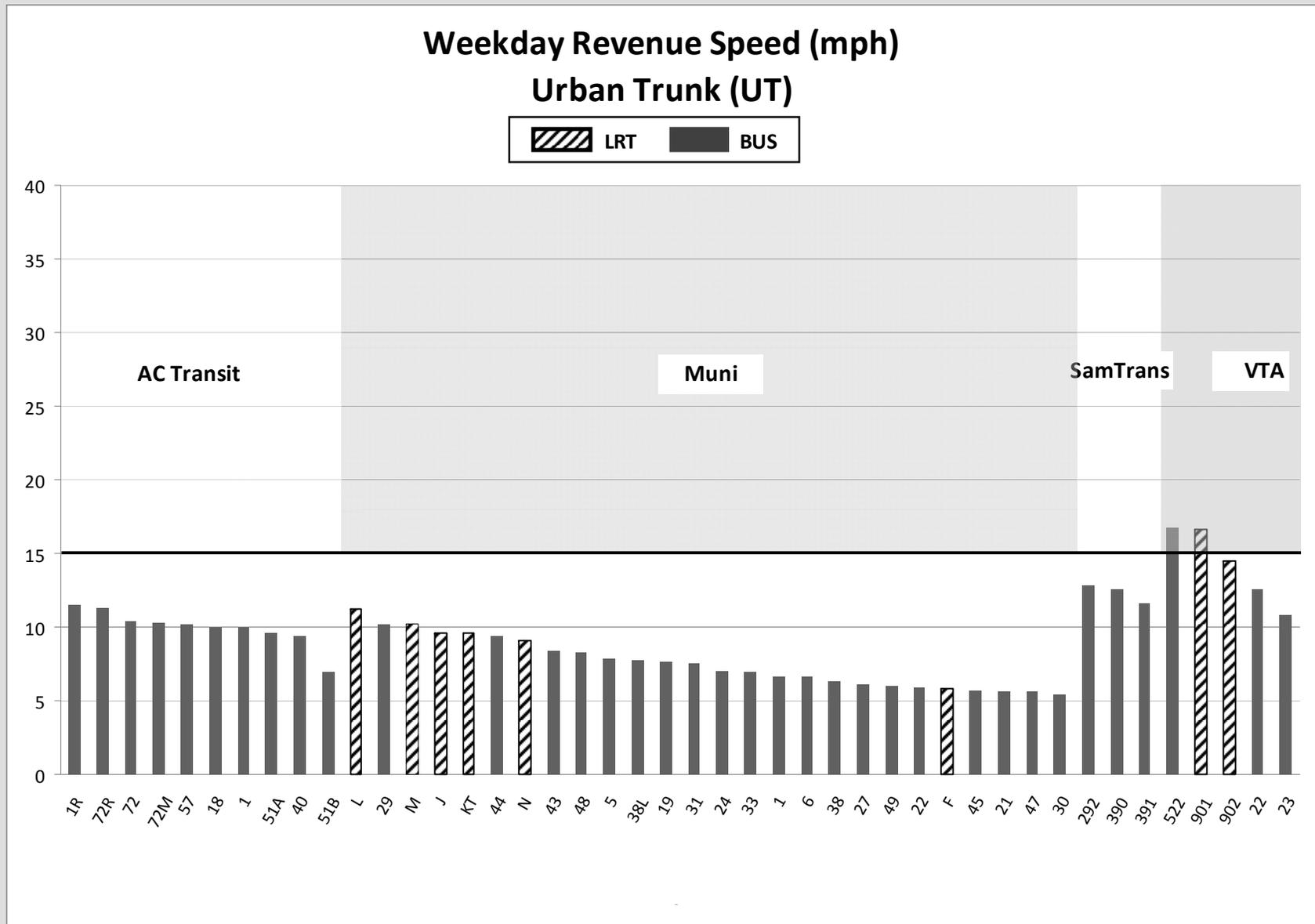
Approach: Transit Performance Initiative

- 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

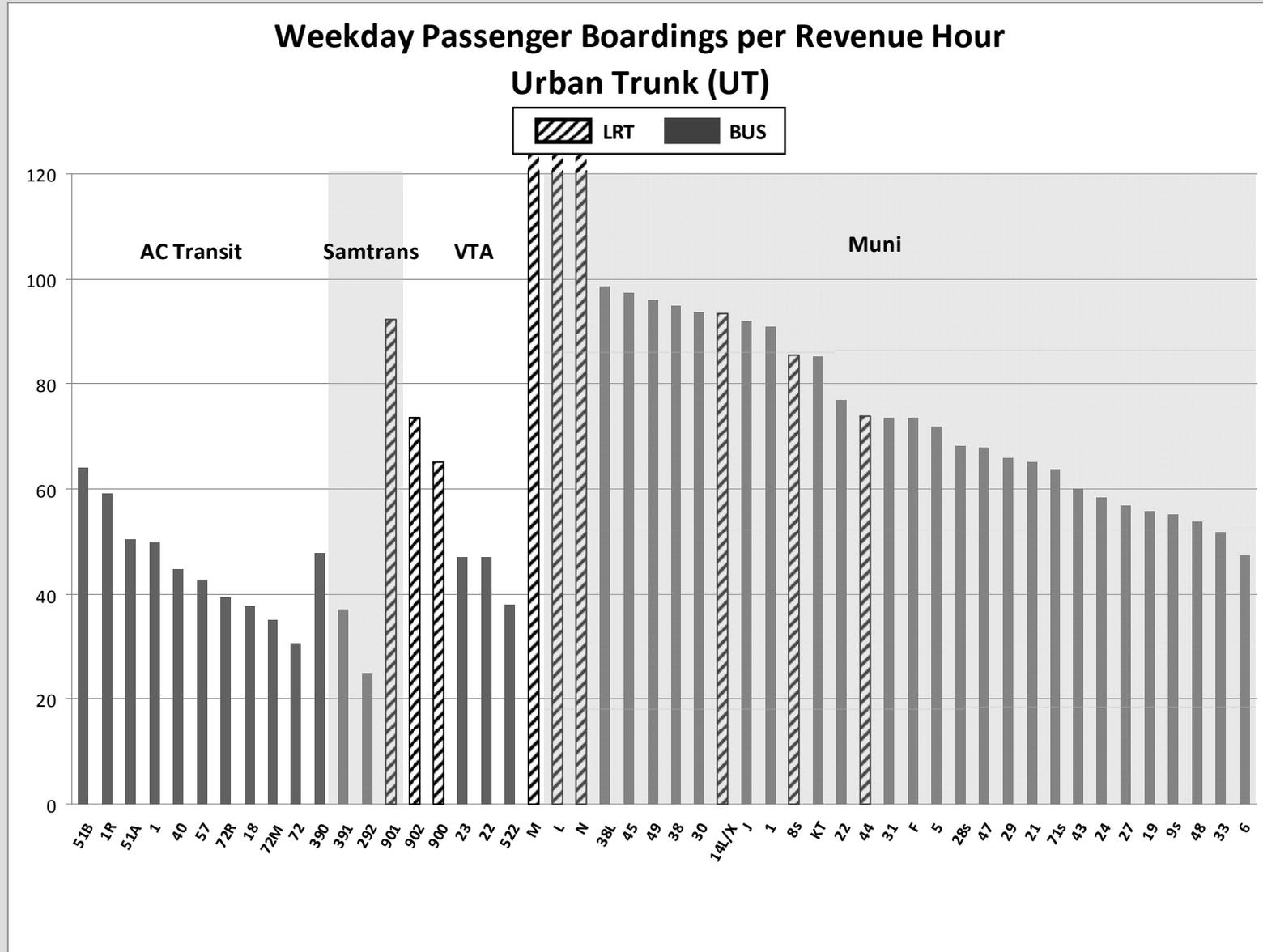
Transit Performance Initiative – Investment

- 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

Focus on Improving Customer Travel Times



Focus on High Ridership Routes



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



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)



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

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**