

Agenda Item 5



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Policy Advisory Council

DATE: November 7, 2012

FR: Kenneth Folan, MTC Staff

W.I. 1114

RE: Transit Performance Initiative – Incentive Program

In May 2012, the Commission adopted the Transit Sustainability Project (TSP) recommendations (MTC Resolution No. 4060), including the establishment of the Transit Performance Initiative (TPI), consisting of an investment and an incentive component. At that time, the Policy Advisory Council adopted a motion to support the TSP recommendations, noting the importance of developing an appropriate enforcement policy and incentives to grow ridership, and continuing support of Lifeline services.

On October 24, 2012, the Commission approved \$112 million over a four-year period to fund the TPI. The total funding available for the TPI incentive program is \$60 million.

The incentive program provides financial rewards to transit agencies that improve ridership and/or productivity. For FY2012-13, the Commission approved \$15 million to be distributed based on each operator's share of ridership based on final audited FY2010-11 ridership figures. For FY2013-14 through FY2015-16, \$15 million is available annually with a formula distribution to be determined through a future Commission action.

The recommendations of the Transit Sustainability Project, MTC Resolution 4060, specify that the Incentive Program will reward transit agencies that achieve ridership and productivity improvements. Staff is seeking Policy Advisory Council input on the incentive program distribution formula.



**METROPOLITAN
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**TRANSIT PERFORMANCE INITIATIVE
INCENTIVE PROGRAM**

November 14th, 2012 – Policy Advisory Council

TPI Incentive Program

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- *Goal: to reward transit agencies that achieve ridership increases and productivity improvements*
- Funding (approved by MTC – October 24th): \$15M/year from 2nd Cycle STP/CMAQ Transit Capital Rehab program (\$60M Total)
- Commission direction (May 2012/September 2012):
 - Return with options, including one that does not reduce the cumulative current funding level from small operators for the fund sources established by the Commission for this incentive program
 - Provide option that allows each transit operator to consider implementing a pilot Pass program
- Developed scenarios based on a formula including: increase in ridership, increase in productivity, and total ridership

TPI Incentive Program Transition

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- Performance data from the transit agencies will lag by one year
- Transition Year (Approved by Commission – October 24th): \$15M to fund specific projects focused on increasing ridership, funding levels based on current ridership
- Project sponsors submit projects with rationale for funding and a monitoring plan to track effectiveness in improving productivity and/or ridership
- Transit Operators can use funds to support pilot Youth or Low-Income Pass programs
- Call for projects/funding available in FY2012-13

Agency	Funding (\$M)
AC Transit	\$ 1.8
BART	\$ 3.5
SFMTA	\$ 6.7
VTA	\$ 1.3
Other Operators	\$ 1.7
Total	\$15.0

TPI Incentive Program – Draft Proposal

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MTC Staff Proposal Presented at October 10th Programming and Allocations Committee meeting - for funding after transition year:

- Scenario A
 - 25% based on Ridership increase (absolute)
 - 25% based on Passengers Per Hour increase (absolute)
 - 50% based on annual Ridership
- Scenario B
 - Large operators same as A
 - Small operators based on Flexible Set-Aside formula (“hold harmless”)

On October 10th, the committee directed staff to add an alternative to Scenario A assigning equal weight to the 3 metrics (33.3%, 33.3%, 33.3%) and staff subsequently added another alternative (15%, 15%, 70%). Also, staff was asked to improve the transparency of the funding formulas.

TPI Incentive Program – Response to Commissioner Comments/Direction

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- Reviewed data and formulas
- Propose use of federal National Transit Database as source of data to improve consistency
- Consider rolling three-year average rather than one-year
- Charts added to enhance transparency of funding distribution elements

Incentive Funding Scenarios – Draft Proposal

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For funding after transition year:

- Scenario A

	Scenarios		
	A1	A2	A3
Ridership Increase (absolute)	25%	33%	15%
Passenger Per Hour Increase (absolute)	25%	33%	15%
Annual Ridership	50%	33%	70%
Total	100%	100%	100%

- Scenario B

- Large operators same as A
- Small operators based on (“hold harmless”) formula

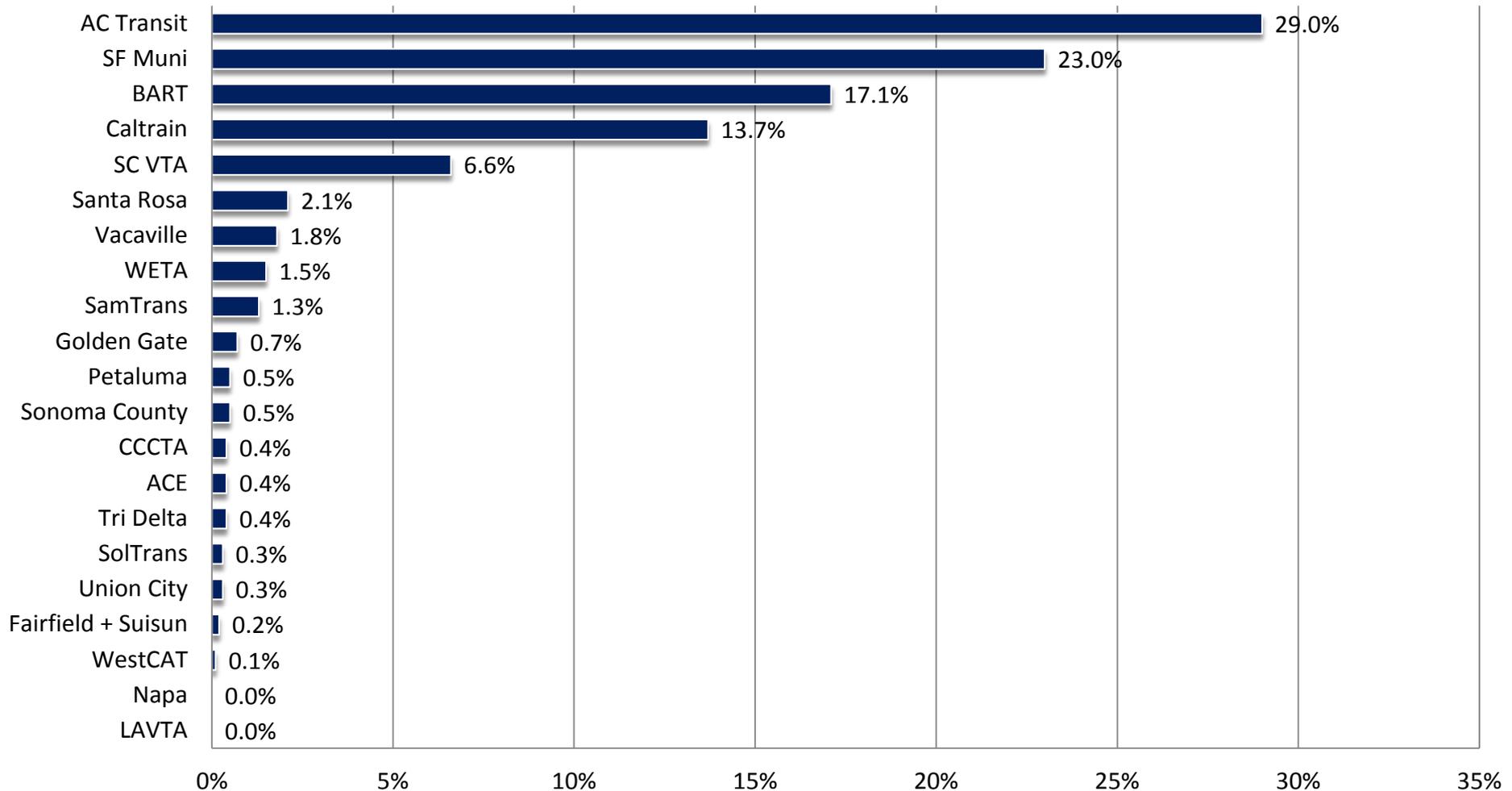
Formulas recognize increased ridership, improved productivity, and base ridership levels

Annual Passenger Trips Increase

NTD: 2008-2010 | MTC Statistical Summary: 2011

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3-Year Avg.

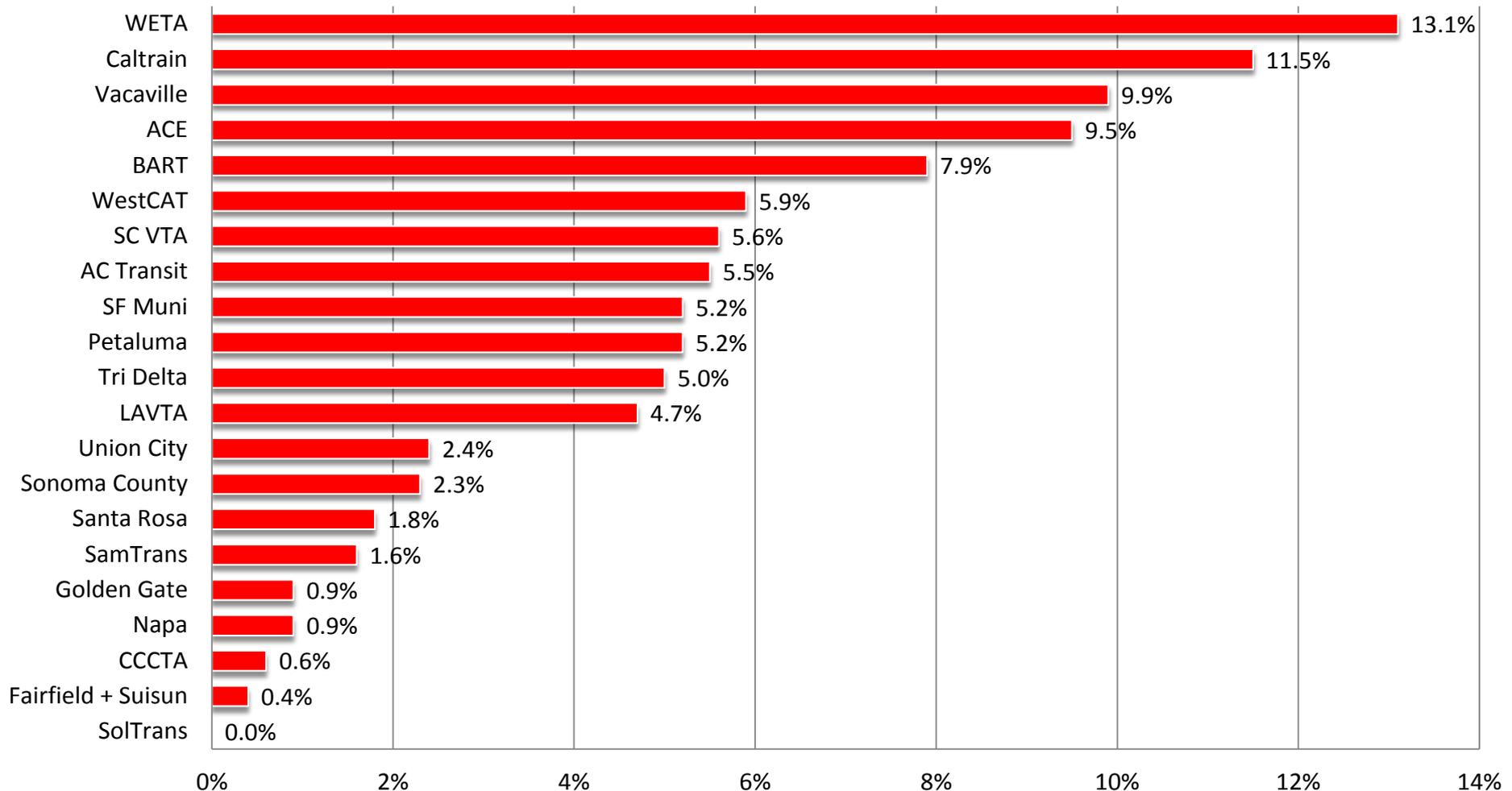


Annual Passenger Trips Per Hour Increase

NTD: 2008-2010 | MTC Statistical Summary: 2011

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3-Year Avg.

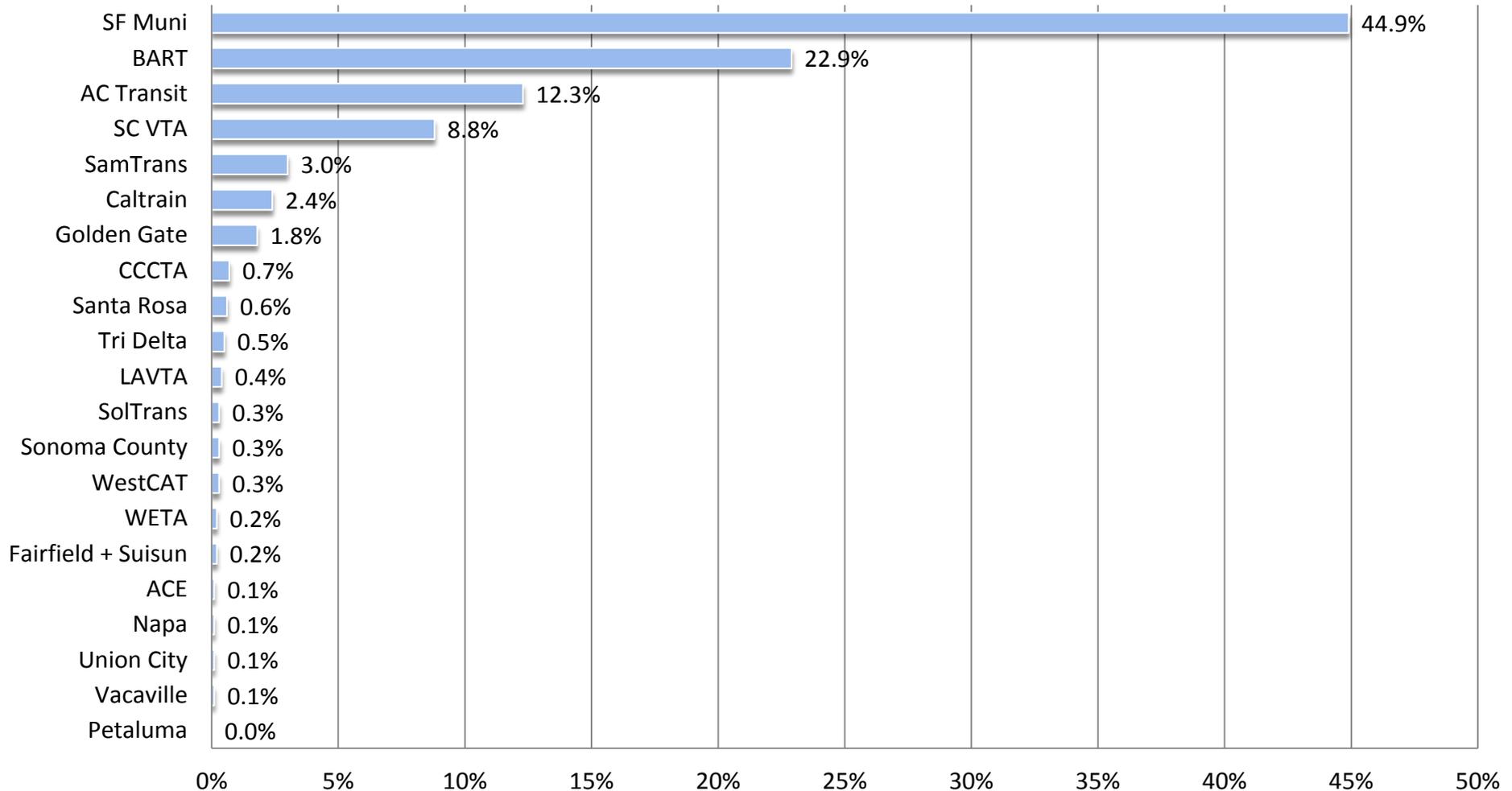


Annual Passenger Trips

NTD: 2008-2010 | MTC Statistical Summary: 2011

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3-Year Avg.



For Consideration by the Council

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- Are ridership increase, productivity increase and base ridership the correct metrics?
- Should the weighting of the metrics favor future performance (ridership and productivity increase) or existing ridership?
- Should small operators be held harmless or measured against one another given the different service and land-use characteristics

Next Steps

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- Transit Sustainability Project – TPI Incentive Program
 - Work with transit operators and Policy Advisory Council on funding distribution formulas
 - Return to Commission with proposed TPI Incentive Program formulas/guidelines
 - Conduct call for projects for FY2012-13 – Late 2012