

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**February 13, 2013**

**Item Number 4a**

**Resolution No. 4072, Revised**

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**Subject:** Transit Performance Initiative – Incentive Program Formula Distribution

**Background:** The Transit Performance Initiative (TPI) Incentive Program provides a financial reward to those agencies that improve ridership and/or productivity. In October 2012, the Commission committed \$60 million in federal Cycle 2 STP/CMAQ funds to the TPI Incentive Program, distributing the initial \$15 million based on current ridership.

This item proposes to establish the distribution formula for the remaining \$45 million, available in three annual allocations commencing in FY2013-14. The proposal was developed with input from the MTC Policy Advisory Council and from the transit operators.

The proposed distribution formula assigns 85% of the annual allocation to the largest seven transit operators and 15% to the remaining transit operators. Within each account, funds would be distributed to operators as follows:

- 25% based on Passenger Increase (absolute)
- 25% based on Passenger Per Hour Increase (absolute)
- 50% based on Annual Passengers

Staff also proposes an annual program evaluation following each annual cycle.

**Recommendation:** Refer Resolution No. 4072, Revised to the Commission for approval.

**Attachments:** Executive Director Memo  
MTC Resolution No. 4072, Revised



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
Tel: 510.464.7700  
TDD/TTY: 510.464.7769  
Fax: 510.464.7848

## *Memorandum*

TO: Programming and Allocations Committee

DATE: February 13, 2013

FR: Executive Director

RE: Transit Performance Initiative – Incentive Program Formula – MTC Resolution 4072, Revised

### **Background**

In May 2012, the Commission adopted the Transit Sustainability Project (TSP) recommendations (MTC Resolution 4060), including the Transit Performance Initiative (TPI), which is composed of two programs: 1) a capital program focused on regional investment in supportive infrastructure to improve performance in major transit corridors; and 2) an incentive program to reward agencies that improve ridership and service productivity.

The TPI incentive program provides a financial reward to those agencies that improve ridership and/or productivity. As per Resolution 4060, funding sources, amounts and distribution formula shall be established by the Commission. The Commission directed staff to return with a proposal for the incentive program that includes at least one alternative that does not reduce the current funding level for small operators.

In October 2012, the Commission committed \$60 million in federal Cycle 2 STP/CMAQ funds to the TPI Incentive Program, distributing the initial \$15 million based on current ridership. Further, the Commission directed staff to release formula distribution scenarios for review by the transit operators and the Policy Advisory Council before returning to this Committee with a recommendation.

This item proposes to establish the distribution formula for the remaining \$45 million, available in three annual allocations of \$15 million each commencing in FY2013-14.

### **Formula Development Process**

The original staff proposal presented in October 2012 proposed a formula distribution with 50 percent based on annual ridership, 25 percent based on the annual increase in ridership, and 25 percent based on the increase in passengers per revenue hour (measure of productivity), with an option for small operators to compete or be held harmless and maintain funding levels consistent with the former funding shares. The Commission directed staff to add a similar alternative assigning equal weight to the three metrics. Staff subsequently developed a third alternative

with 70 percent based on annual ridership, 15 percent based on the annual increase in ridership, and 15 percent based on the increase in passengers per revenue hour.

On November 14<sup>th</sup> 2012, after reviewing the alternatives, the Policy Advisory Council adopted a motion supporting a formula distribution program that:

- Establishes a set-aside for a separate Small Operator Competition
- Favors ridership and productivity increases over existing ridership
- Funds projects that increase ridership or productivity

Staff held multiple meetings with the small and large operators and received the following input:

- Set-aside between 10% and 20% for a Small Operator Competition
- Calculate the formula using a three-year rolling average
- Perform a program evaluation after each allocation cycle
- Use the following metrics and weights: 50 percent based on annual ridership, 25 percent based on the annual increase in ridership, and 25 percent based on the increase in passengers per revenue hour

### **Staff Recommendation**

Based on the input summarized above, staff proposes a distribution formula assigning 85% of the annual allocation to the largest seven transit operators and 15% to the remaining transit operators. Within each account, funds would be distributed to operators as follows:

- 25% based on Passenger Increase (absolute)
- 25% based on Passenger Per Hour Increase (absolute)
- 50% based on Annual Passengers

Using the most recent National Transit Database (NTD) data for all modes excluding Paratransit, the distribution formula would be calculated annually using a three-year rolling average commencing with FY2009-10, 2010-11 and 2011-12 for the FY2013-14 distribution. The rolling average reduces the risk of year over year fluctuations and provides operators with more planning certainty for the investment of the incentive funding.

Charts in Attachment A demonstrate how the proposed formula metrics and corresponding funding would have been distributed using the most recent data available, actual distribution will depend on more recent data.

For the FY2013-14 distribution, data for Marin County Transit District (MCTD) would be included with Golden Gate Transit in the Large Operator Account, consistent with the most recent available NTD data and to reflect the fact that MCTD had not transitioned to a federal grantee until after the formula development process was underway. Staff further recommends revisiting this issue before the FY2014-15 distribution cycle.

As requested by the transit operators, staff also proposes an annual program evaluation following each annual allocation cycle.

**Recommendation**

Staff recommends that the Committee refer Resolution No. 4072, Revised to the Commission for approval.



Steve Heminger

SH:KF  
Attachments

# Attachment A – Proposed Distribution by Metric – Based on Historical Data (FY2008-2011)

## Increase in Passenger Trips - 25%

Figure 1A. Large Operators

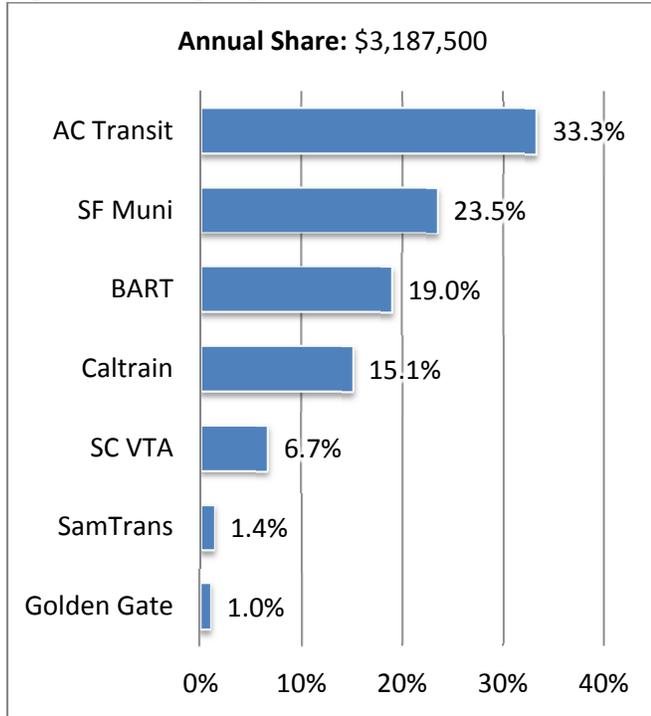
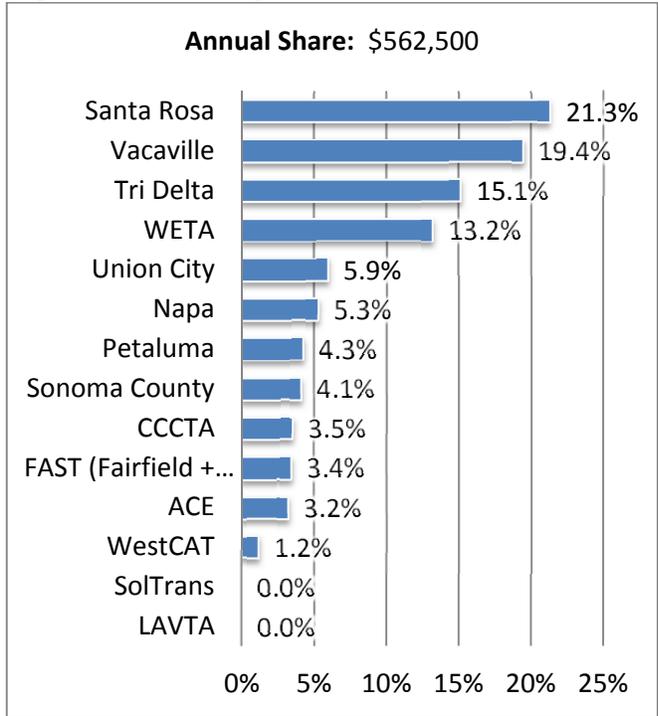


Figure 1B. Small Operators



## Increase in Passenger Trips Per Hour – 25%

Figure 2A. Large Operators

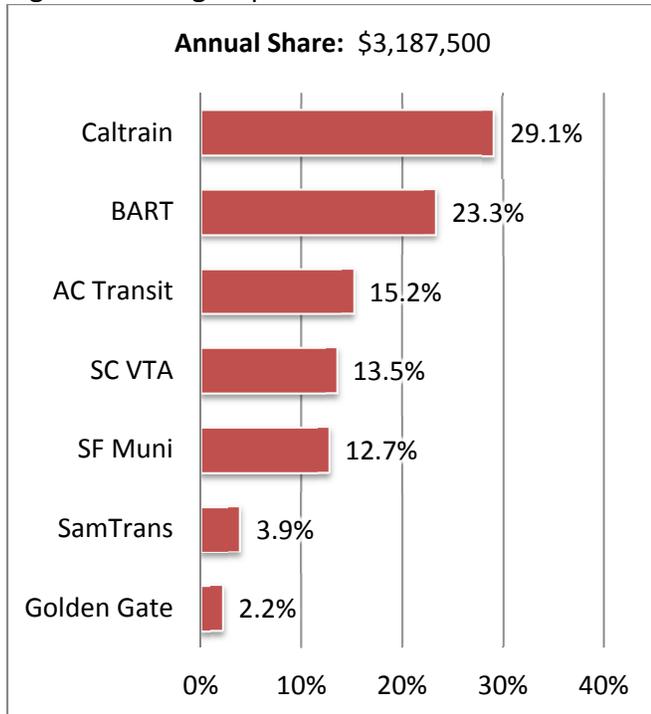
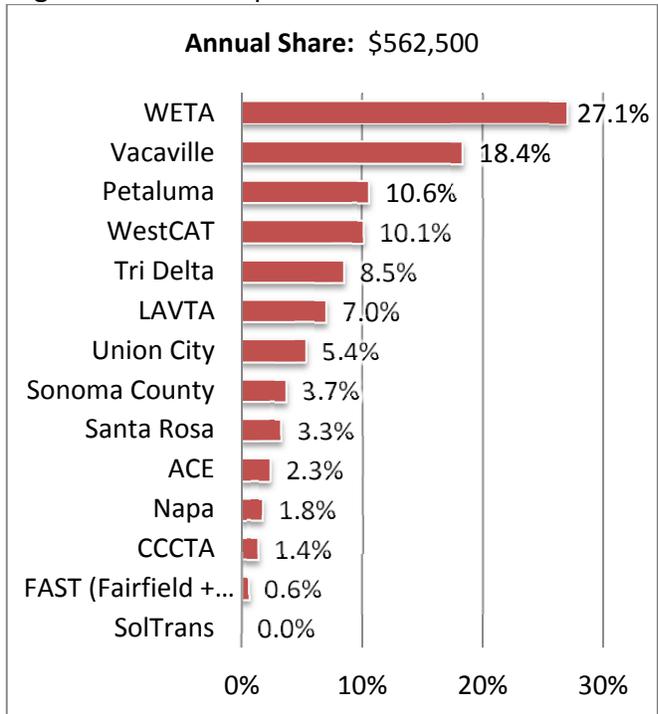


Figure 2B. Small Operators



**Annual Passenger Trips Funding Distribution – 50%**

Figure 3A. Large Operators

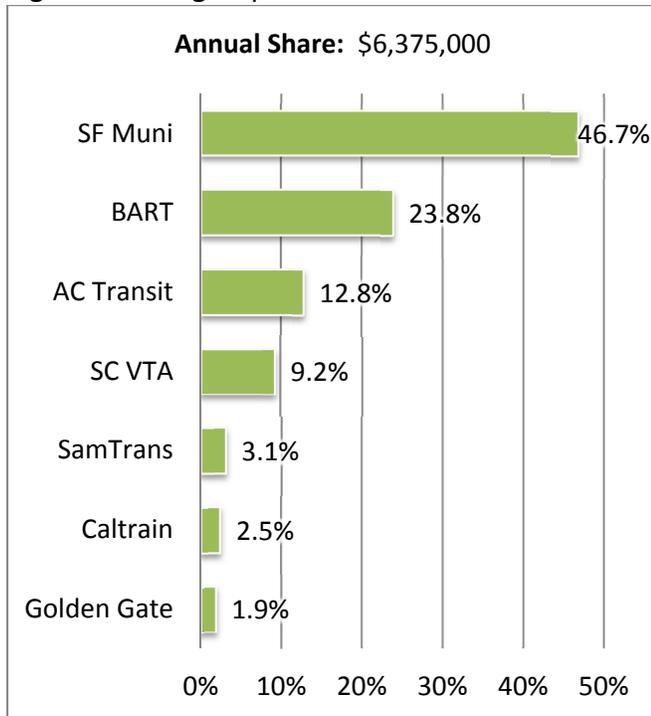
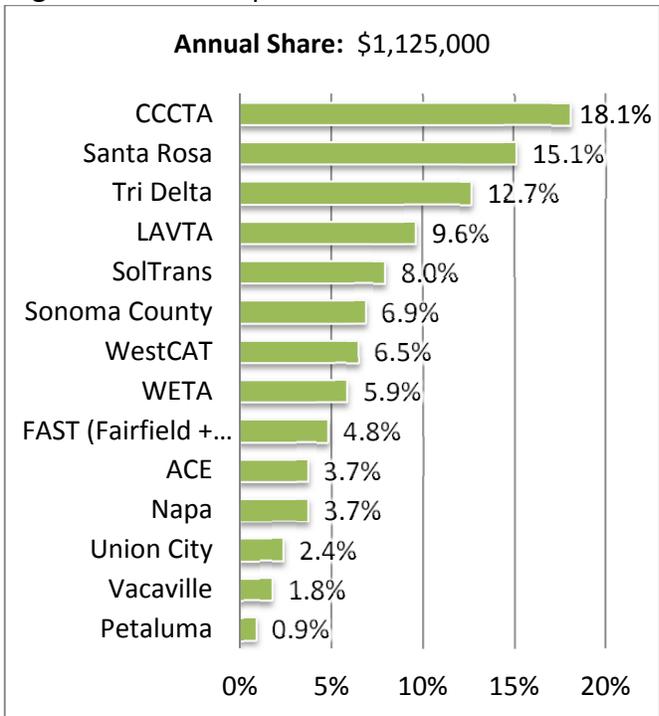


Figure 3B. Small Operators



**Estimated Annual Funding Distribution (000s)**

Figure 4A. Large Operators

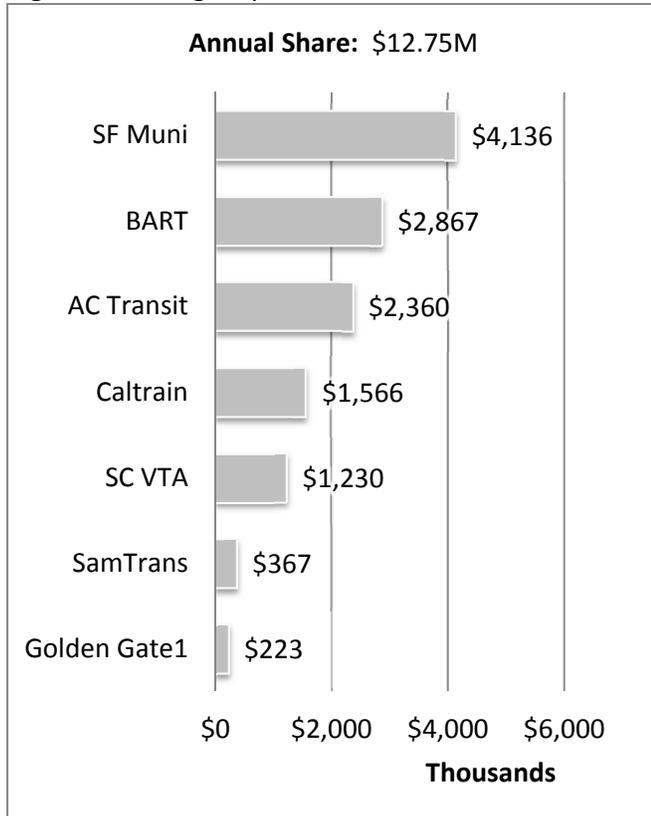
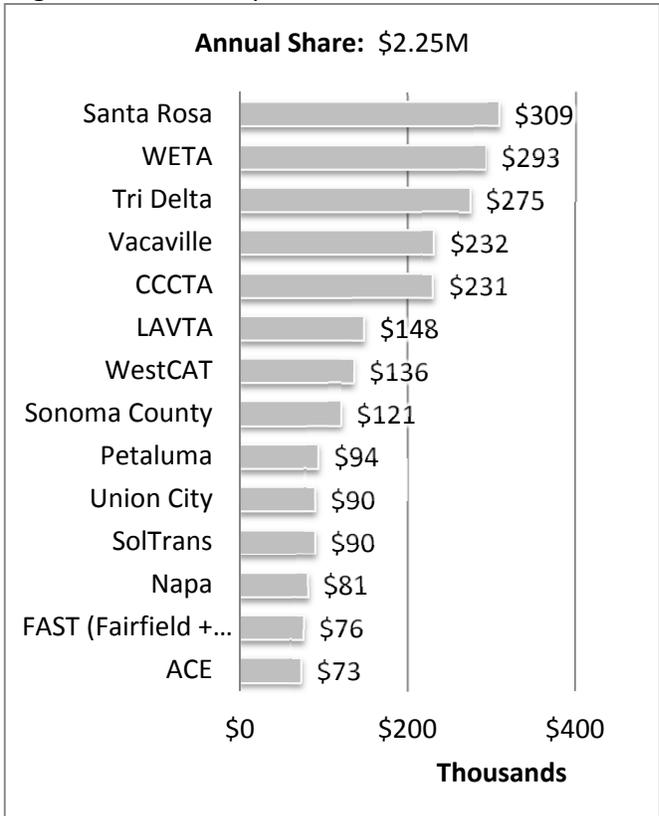


Figure 4B. Small Operators



Source: National Transit Database (NTD) FYs 08, 09, 10, & 11. NTD data not available for Vacaville, MTC Statistical Summary data used in place.

Date: October 24, 2012  
W.I.: 1512  
Referred By: PAC  
Revised: 01/23/13-C  
02/27/13-C

ABSTRACT

Resolution No. 4072, Revised

This resolution approves the process and establishes the criteria for programming the FY2012-13 and FY2013-14 FTA Section 5307 Urbanized Area, Section 5309 Fixed Guideway Modernization, Section 5337 State of Good Repair, Section 5339 Bus and Bus Facilities, and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds in the San Francisco Bay Area.

This resolution includes the following attachment:

Attachment A - San Francisco Bay Area Transit Capital Priorities Criteria for FY2012-13 and FY2013-14 FTA Formula Funds and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Funds

This resolution was revised on January 23, 2013 to make the Marin County Transit District eligible for Transit Capital Priorities funds in the San Francisco-Oakland urbanized area.

This resolution was revised on February 27, 2013 to establish the formula distribution for the Transit Performance Initiative Incentive Program.

Further discussion of the Transit Capital Priorities Policy is contained in the Programming and Allocation Committee Executive Director memoranda dated October 10, 2012; January 9, 2013; and February 13, 2013.

Date: October 24, 2012  
W.I.: 1512  
Referred By: PAC

RE: San Francisco Bay Area Transit Capital Priorities Process and Criteria

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4072

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Sections 66500 et seq.; and

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county Bay Area and is required to prepare and endorse a Transportation Improvement Program (TIP) which includes a list of priorities for transit capital projects; and

WHEREAS, MTC has worked cooperatively with the cities, counties and transit operators in the region to establish a process and a set of criteria for the selection of transit capital projects to be included in the TIP; and

WHEREAS, the process and criteria to be used in the selection and ranking of projects are set forth in Attachment A, which is incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC approves the Transit Capital Priorities Process and Criteria as set forth in Attachment A; and, be it further

RESOLVED, that MTC will use the process and criteria to program Federal Transit Administration (FTA) Sections 5307, 5309 FG, 5337 and 5339 funds for FY2012-13 and FY2013-14 and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds for FY2012-13 through FY2015-16 to finance transit projects in the San Francisco Bay Area region; and, be it further

RESOLVED, that the Executive Director of MTC is authorized and directed to forward a copy of this resolution to FTA, and such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

  
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Adrienne J. Tissier, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California on October 24, 2012.

Date: October 24, 2012  
W.I.: 1512  
Referred By: PAC  
Revised: 01/23/13-C  
02/27/13-C

Attachment A  
Resolution No. 4072  
Page 1 of 40

**San Francisco Bay Area Transit Capital Priorities Criteria for FY2012-13 and FY2013-14  
FTA Formula Funds and Cycle 2 STP/CMAQ Transit Capital Rehabilitation Funds**

**For development of the FY2012-13 and FY2013-14  
Transit Capital Priorities and Transit Performance Initiative Project Lists**

Metropolitan Transportation Commission  
Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607

### III. CYCLE 2 STP/CMAQ TRANSIT CAPITAL REHABILITATION PROGRAM

The Commission's Cycle 2 Program Project Selection Criteria and Programming Policy For FY2012-13, FY2013-14, FY2014-15 and FY 2015-16, MTC Resolution No. 4035, Revised, includes \$150 million in STP/CMAQ funding for a Transit Capital Rehabilitation Program. These funds will be programmed to Transit Performance Initiative projects and to transit capital rehabilitation projects. Specific projects are included in Attachment B to MTC Resolution No. 4035, Revised.

#### **Transit Performance Initiative**

This program includes investment and performance incentive elements. The investment element implements transit supportive investments in major transit corridors that can be carried out within two years. The focus is on making cost-effective operational improvements on significant trunk lines which carry the largest number of passengers in the Bay Area including transit signal prioritization, passenger circulation improvements at major hubs, and boarding/stop improvements. For FY2012-13 through FY2015-16, \$13 million annually is available for this program.

The incentive program provides financial rewards to transit agencies that improve ridership and/or productivity. For FY2012-13, \$15 million is 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 based on the formula distribution described below. The program will be evaluated annually following each cycle.

Large and Small Operator Accounts: Of the annual \$15 million available, 85% and 15% shall be assigned to the large and small operator accounts, respectively. The large operators include: AC Transit; BART, Caltrain, Golden Gate Transit, SFMTA, SamTrans, and Santa Clara VTA.

Large Operator Distribution Formula: The distribution for large operators shall be determined by the Commission at a future date.

Small Operator Distribution Formula: Funds shall be distributed to small operators as follows:

- 25% based on Passenger Increase (absolute)
- 25% based on Passenger Per Hour Increase (absolute)
- 50% based on Annual Passengers

Data Source: Using the most recent National Transit Database data for all modes excluding Paratransit, the distribution formula shall be calculated annually using a three-year rolling average commencing with FY2009-10, 2010-11 and 2011-12 for the FY2013-14 distribution. For the FY2013-14 distribution, data for Marin

County Transit District shall be included with Golden Gate Transit in the Large Operator Account. The funding, however, assigned to Golden Gate Transit based on the NTD data, will be further distributed to the two operators – Golden Gate Transit and Marin County Transit District – based on a mutually agreed split based on the relevant performance and ridership data.

### **Transit Capital Rehabilitation**

Any Cycle 2 STP/CMAQ Transit Capital Rehabilitation Program funds not programmed for Transit Performance Initiative projects will be programmed for transit capital rehabilitation projects to supplement the Transit Capital Priorities program. Transit capital rehabilitation projects will be programmed using the same policies and procedures as used for the FTA formula funds, as specified in Section II. FTA Formula Funds. This includes a set-aside of \$1 million to support the consolidation and transition of Vallejo and Benicia bus services to Soltrans.