

# Metropolitan Transportation Commission Programming and Allocations Committee

April 10, 2013

Item Number 4a

## Resolution No. 4072, Revised

**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 productivity. In October 2012, the Commission committed \$60 million in federal Cycle 2 funds to the TPI Incentive Program for a four-year period, distributing the initial year \$15 million based on current ridership.

On February 27, 2013, the Commission adopted, in part, a distribution for the remaining \$45 million, specifically:

- Assigned 85% of the annual allocation to the largest seven transit operators and 15% to the remaining transit operators.
- Approved the small operator incentive formula as recommended by staff: 25% based on passenger increase; 25% based on passenger per hour increase; and 50% based on annual passengers.
- Deferred action on the large operator incentive formula and directed staff to develop additional distribution scenarios for consideration.

After further consultation with the large operators, staff recommends one of two alternatives for distribution to the large operators:

### Alternative #1 – Original February 2013 Staff Proposal

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

### Alternative #2 – Increased Focus on Existing Ridership

- 20% based on Passenger Increase (absolute)
- 10% based on Passenger Per Hour Increase (absolute)
- 70% based on Annual Passengers

Alternative #1 was developed with input from the Policy Advisory Council and the large transit operators. It balances existing ridership with future performance.

Alternative #2 was developed by San Francisco Municipal Transportation Agency (SFMTA) staff and presented to the large operators. This alternative places greater emphasis on current system ridership with a

more modest incentive program for productivity increases. SFMTA staff noted that systems that operate near capacity are forced to add hours of revenue service to increase ridership, which could have a negative effect on the productivity measure; therefore existing ridership and ridership increases are weighted more heavily than productivity increases in this alternative. While the other large operators preferred a formula with less than a 70% weight for annual passengers, they did not voice strong opposition to Alternative #2.

Attachment A illustrates the relative results of the proposed alternatives using the most recent three-year data available. Note that while actual distribution will be based on more recent data, the differences will be slight.

**Recommendation:** Select a TPI distribution formula alternative for large operators and refer Resolution No. 4072, Revised to the Commission for approval.

**Attachments:** Attachment A  
MTC Resolution No. 4072, Revised

# Attachment A

## Alternative Scenarios for Consideration

### Estimated Distribution of Transit Performance Initiative Incentive Funding\*

<i>Scenario:</i>	<b>Alternative #1</b>	<b>Alternative #2</b>	<b>Transition Year</b>	<b>Alternative #1</b>	<b>Alternative #2</b>	<b>Transition Year</b>
<i>Annual Passenger Increase:</i>	25%	20%	0%	25%	20%	0%
<i>Annual Passengers per Hour Increase:</i>	25%	10%	0%	25%	10%	0%
<i>Annual Passengers:</i>	50%	70%	100%	50%	70%	100%
<b>Transit Operator</b>	<b>Dollars</b>			<b>Percent of Total</b>		
AC Transit	2,360,111	2,183,705	1,802,676	15.7%	14.6%	12.0%
BART	2,867,409	2,907,501	3,493,189	19.1%	19.4%	23.3%
Caltrain	1,565,642	975,482	395,353	10.4%	6.5%	2.6%
Golden Gate	222,983	221,842	270,338	1.5%	1.5%	1.8%
SF Muni	4,136,309	4,934,630	6,720,704	27.6%	32.9%	44.8%
SamTrans	367,181	362,472	423,651	2.4%	2.4%	2.8%
SC VTA	1,230,365	1,164,368	1,302,018	8.2%	7.8%	8.7%
<b>Large Operator Subtotal</b>	<b>\$12,750,000</b>	<b>\$12,750,000</b>	<b>\$14,407,929</b>	<b>85%</b>	<b>85%</b>	<b>96%</b>

	<b>Approved Scenario (FY14-16)</b>		<b>Transition Year</b>	<b>Approved Scenario (FY14-16)</b>		<b>Transition Year</b>
<i>Annual Passenger Increase:</i>	25%		0%	25%		0%
<i>Annual Passengers per Hour Increase:</i>	25%		0%	25%		0%
<i>Annual Passengers:</i>	50%		100%	50%		100%
<b>Transit Operator</b>	<b>Dollars</b>			<b>Percent of Total</b>		
ACE	73,028		22,575	0.5%		0.2%
CCCTA	231,367		103,901	1.5%		0.7%
FAST (Fairfield + Suisun)	76,421		29,230	0.5%		0.2%
LAVTA	148,015		53,857	1.0%		0.4%
Napa	81,146		18,236	0.5%		0.1%
Petaluma	93,553		6,493	0.6%		0.0%
Santa Rosa	308,597		95,993	2.1%		0.6%
SolTrans	89,525		48,516	0.6%		0.3%
Sonoma County	121,439		42,332	0.8%		0.3%
Tri Delta	275,190		73,941	1.8%		0.5%
Union City	90,327		14,904	0.6%		0.1%
Vacaville	232,451		11,709	1.5%		0.1%
WestCAT	136,097		38,167	0.9%		0.3%
WETA	292,846		32,214	2.0%		0.2%
<b>Small Operator Subtotal</b>	<b>\$2,250,000</b>		<b>\$592,068</b>	<b>15%</b>		<b>4%</b>

Total annual funding distribution \$15 million: 85% to Large Operators and 15% to Small Operators

Data Source: National Transit Database (NTD) – Passenger Trips, Revenue hours, and Passenger Trips Per Revenue Hour

\*Based on FY2007-08 thru FY2010-11

Date: October 24, 2012  
W.I.: 1512  
Referred By: PAC  
Revised: 01/23/13-C  
02/27/13-C  
04/24/13-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.

This resolution was revised on April 24, 2013 to establish the large operator formula distribution for the Transit Performance Initiative Incentive Program and to revise the formula for distributing ADA operating assistance to include Marin Transit.

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; February 13, 2013; and April 10, 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  
04/24/13-C

Attachment A  
Resolution No. 4072  
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**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

**Table 7: ADA Set-aside Amounts by Urbanized Area and Operator**

Operator	San Francisco-Oakland	San Jose	Concord	Antioch	Vallejo	Livermore	Gilroy-MH
AC Transit	31.1%						
ACE	1.7%		14.1%				
BART	14.7%		46.0%	22.2%			
Caltrain	3.3%	15.0%					
CCCTA			32.3%				
Fairfield-Suisun Transit	Not Applicable						
GGBHTD	3.5%						
LAVTA			7.6%			100.0%	
Marin County Transit	5.3%						
Napa VINE					7.0%		
SFMTA	29.5%						
SamTrans	7.8%						
SCVTA		85.0%					100.0%
SolTrans	2.1%				93.0%		
SR City Bus	Not Applicable						
Sonoma Cty Transit	Not Applicable						
Tri-Delta				77.8%			
Union City							
Vacaville	Not Applicable						
WestCat	0.9%						
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Notes:							
1)	Urbanized Areas not shown are not participating in 10% ADA set-aside policy.						
2)	Formula roughly based on generations with an element of the rail operator portion allotted to bus operators because bus operators generally shoulder a greater share of the ADA operations.						
3)	To calculate funding amounts, multiply 10% of related urbanized area revenue estimate against percentages shown for operators in that urbanized area.						
4)	Formula amended April 2013 to split GGBHTD share with Marin County Transit per agreement between the two operators.						

An operator may use its share of the FTA Section 5307 set-aside for capital purposes or preventive maintenance if the operator can certify that:

- Their ADA paratransit operating costs are fully funded in its proposed annual budget;
- For jointly funded paratransit services, operators' FTA Section 5307 ADA set-aside shares have been jointly considered in making decisions on ADA service levels and revenues.

If MTC is satisfied with the operator's certification, the operator may re-program its set-aside for any unfunded transit capital projects or preventive maintenance. To ensure that the Section 5307 10% set-aside funding is duly considered for annual ADA paratransit needs, there will be no multi-year programming of the 10% ADA set-aside to capital-only purposes.

- d) *Lifeline Set-Aside*: MAP-21 eliminated the Job Access and Reverse Commute (JARC) program (Section 5316) and combined JARC functions and funding with the Urbanized Area Formula (Section 5307) and the Non-urbanized Area Formula

### 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: Funds shall be distributed to large operators as follows:

#### Alternative 1

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

#### Alternative 2

- 20% based on Passenger Increase (absolute)
- 10% based on Passenger Per Hour Increase (absolute)
- 70% based on Annual Passengers

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.