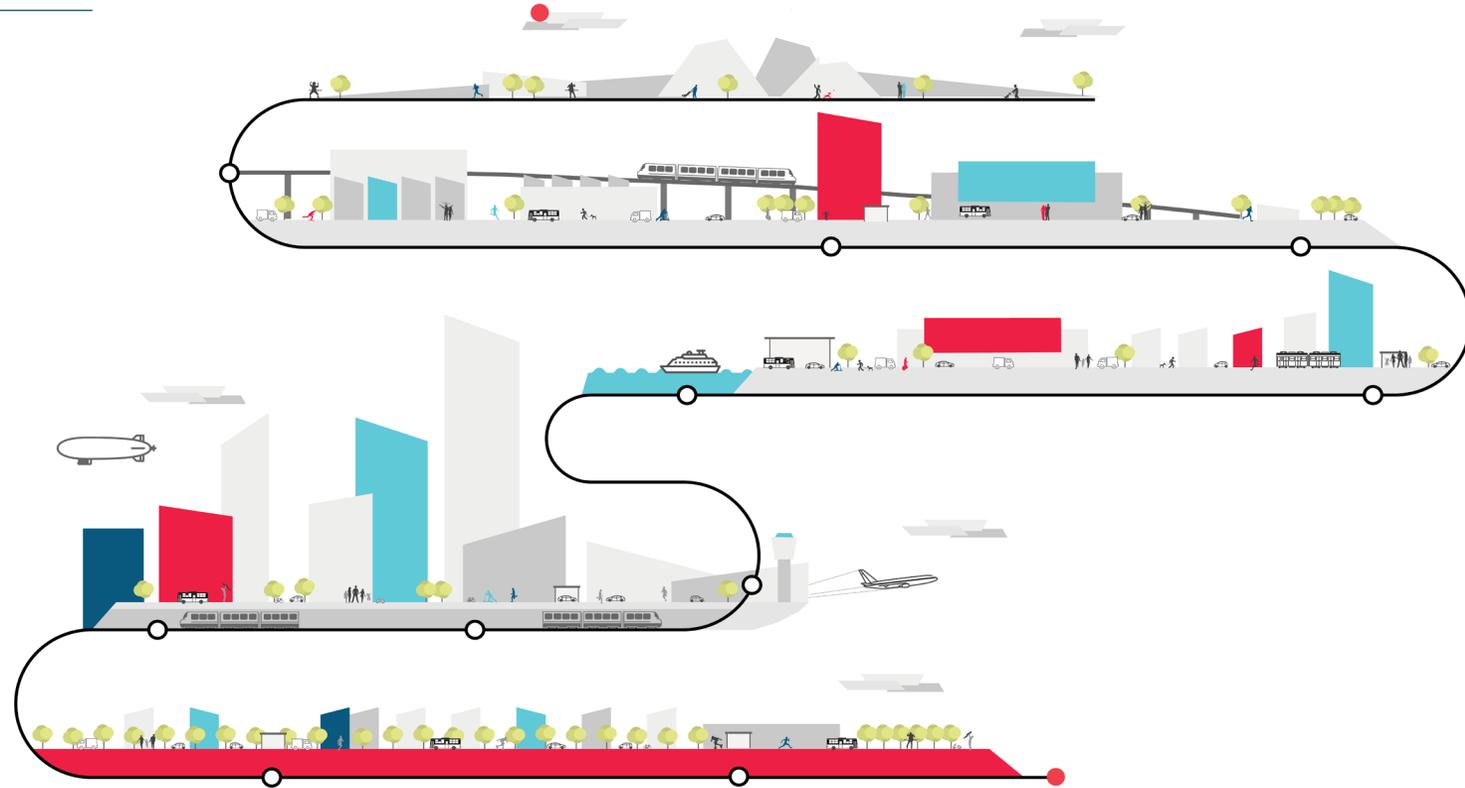June 6, 2022

Advisory Committee

Network Management Business Case Evaluation
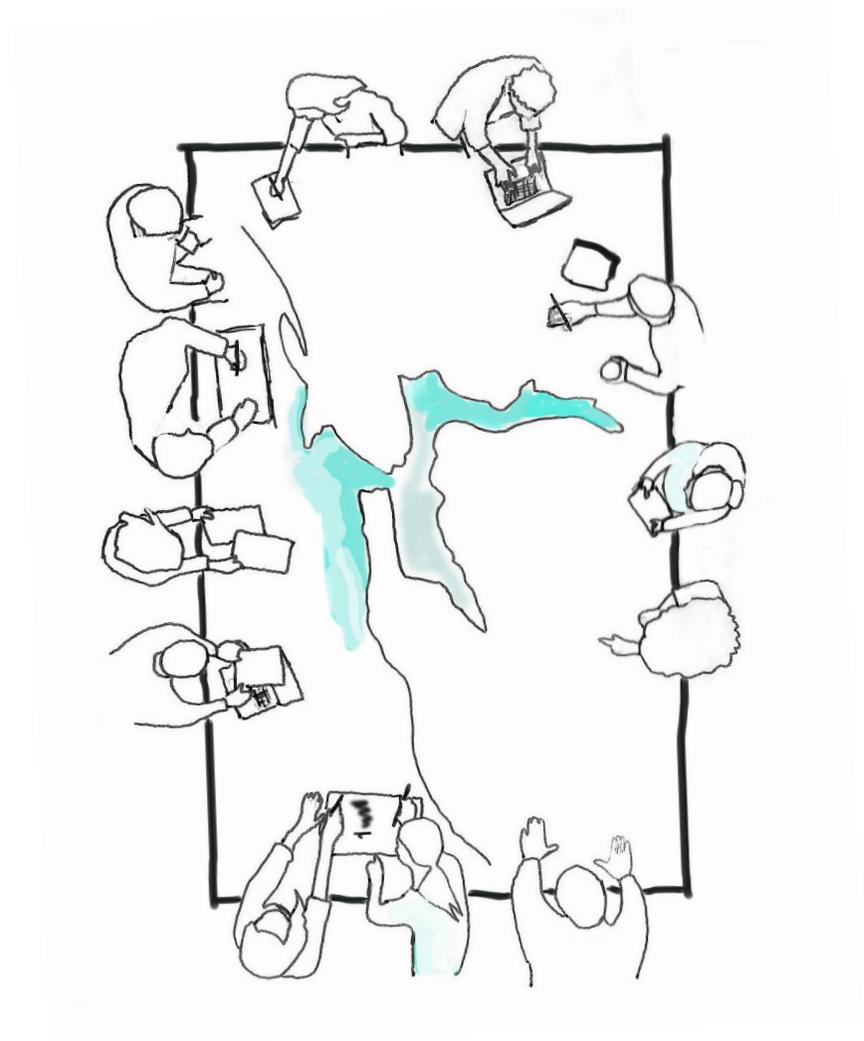
Today's Objectives

Advisory Group Feedback On:

1. Soundness of Business Case evaluation methodology

2. Model development approach

3. Evaluation criteria that matter most

Agenda

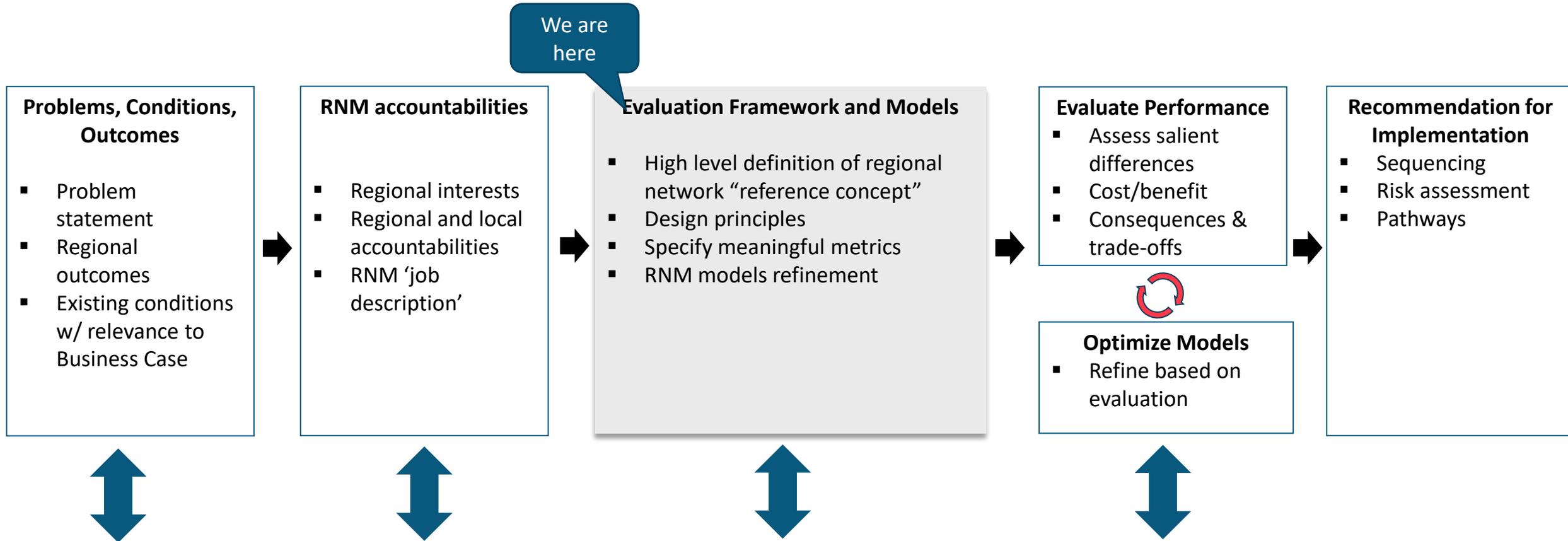|	
1. Introduction ▪ Project status/schedule, team introductions ▪ Follow-up from May Advisory Group ▪ Ad Hoc meeting (May 23) summary	10 minutes
2. Business Case Evaluation Methodology and Models ▪ Summary of approach ▪ Sketch level models	45 minutes
3. Evaluation Criteria and Process	30 minutes
4. Wrap-up and Next Steps	5 minutes

Blue Ribbon Adopted Problem Statement

Public transit services in the San Francisco Bay Area are operated by 27 agencies, each with its own unique policies, procedures, and operating practices best suited for their immediate service areas and local priorities; and not organized to support customer-friendly, inter-agency travel. Strong collaborative action is needed to restore and grow transit ridership to reach the ambitious targets associated with Plan Bay Area 2050's vision of a more affordable connected, diverse, healthy, and vibrant Bay Area for all.
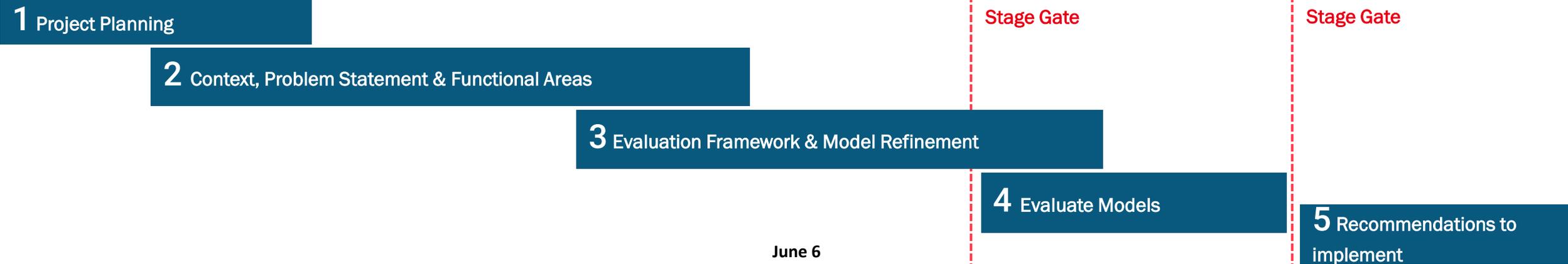
Governance problem to solve for:

Deciding and acting with a regional voice on regional transit and funding.
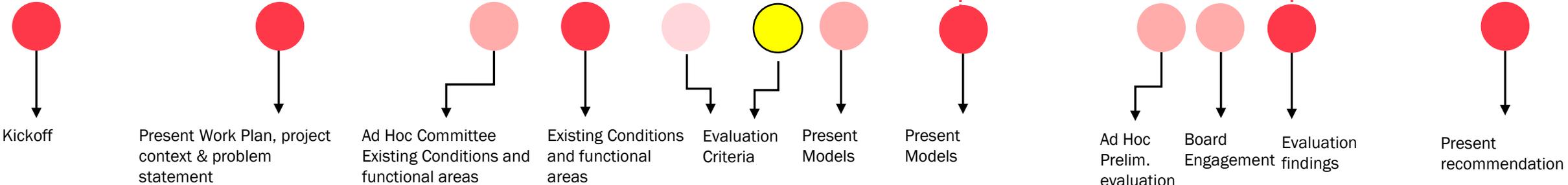
Engagement Shapes RNM process

We are here

Problems, Conditions, Outcomes

- Problem statement
- Regional outcomes
- Existing conditions w/ relevance to Business Case

RNM accountabilities

- Regional interests
- Regional and local accountabilities
- RNM 'job description'

Evaluation Framework and Models

- High level definition of regional network "reference concept"
- Design principles
- Specify meaningful metrics
- RNM models refinement

Evaluate Performance

- Assess salient differences
- Cost/benefit
- Consequences & trade-offs

Optimize Models

- Refine based on evaluation

Recommendation for Implementation

- Sequencing
- Risk assessment
- Pathways

Collaborative development staff and executive – stakeholders, operators.
Dialogue and "**check points**" to explore, refine, stress test, course correct at formative points.

Schedule

| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |

1 Project Planning

2 Context, Problem Statement & Functional Areas

3 Evaluation Framework & Model Refinement

4 Evaluate Models

5 Recommendations to implement

Stage Gate

Stage Gate

June 6

Kickoff

Present Work Plan, project context & problem statement

AG to establish Ad Hoc Committee

Ad Hoc Committee Existing Conditions and functional areas

Existing Conditions and functional areas

Evaluation Criteria

Present Models

Present Models

Ad Hoc Prelim. evaluation

Board Engagement

Evaluation findings

Present recommendation

Ongoing engagement with Staff and Stakeholders

Legend

- 🔴 Advisory Group Engagement
- 🔴 Other stakeholder engagement; (Ad Hoc)
- 🟤 Staff & Stakeholder engagement

VIA — A PERKINS EASTMAN STUDIO

ACCESS.

KPMG

Sam Schwartz

InfraStrategies

Consultant Takeaways - May Advisory Group

- Need to balance maintaining local service funding while moving towards improved regional outcomes

- Qualified agreement on design principles
  - Comments around 'all accountabilities' principle

- Accountabilities – discussion points
  - Megaprojects - important distinction between planning/priority setting and delivery
    - Delivery is important/complex, but not essential to RNM business case direction – address separately
  - Some outstanding areas (e.g. fares) to be resolved in RNM definition stage (June)

Ad Hoc Meeting (May 23) Summary
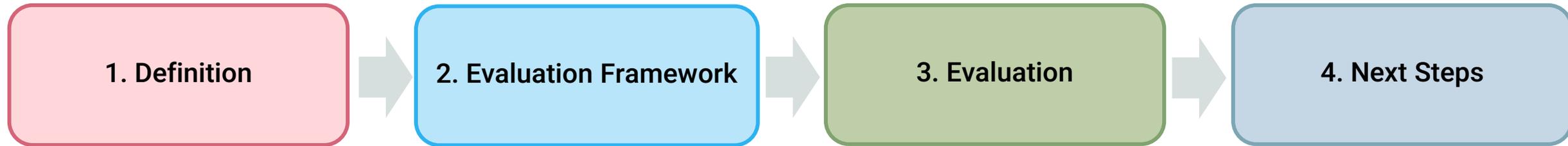
Business Case Evaluation Methodology
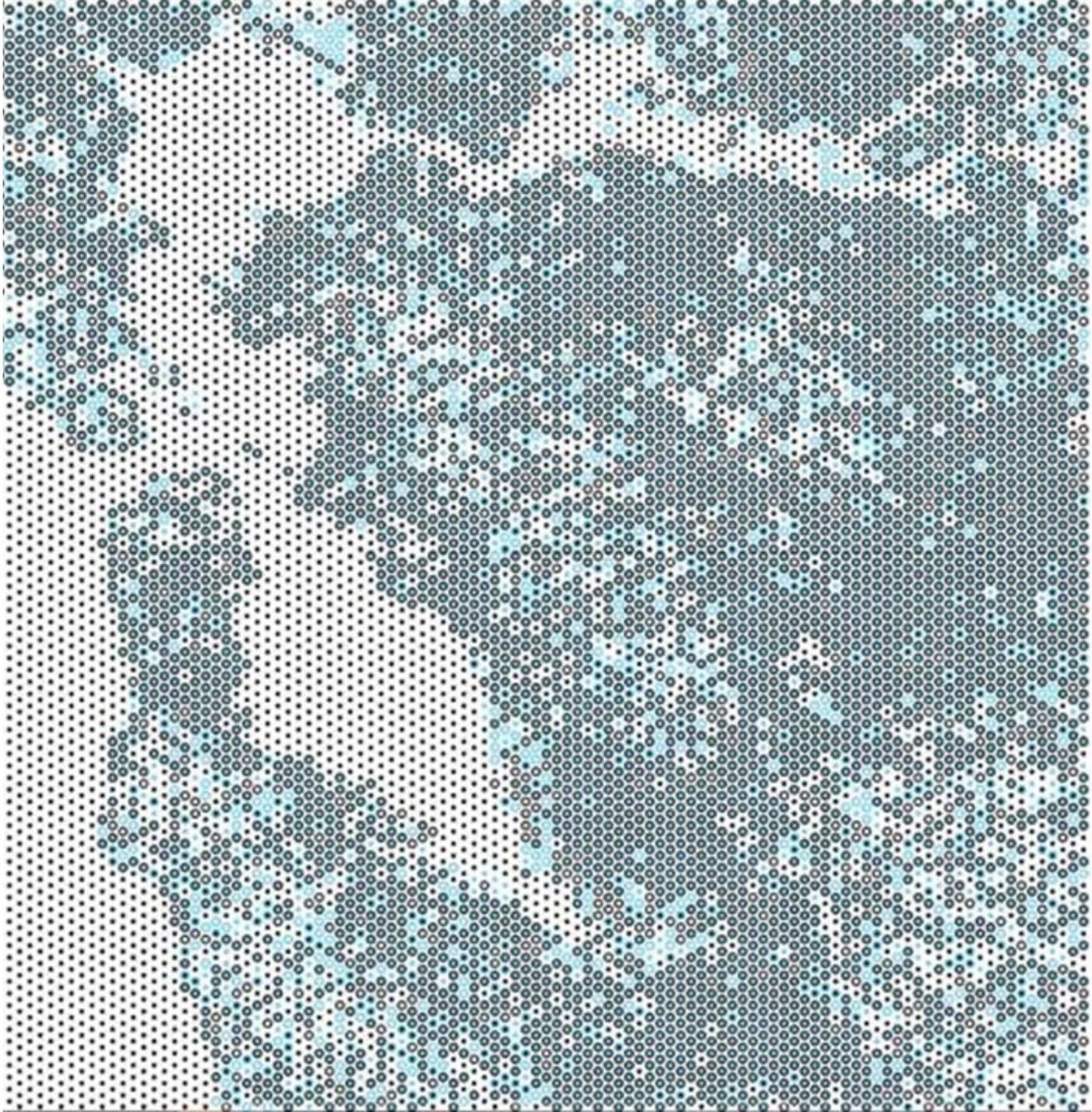
Evaluation Methodology in Four Stages

| 1. Definition | 2. Evaluation Framework | 3. Evaluation | 4. Next Steps |

Purpose (per RFP):

➢ "...select a preferred alternative structure(s) for Regional Network Management (RNM) and recommend next steps to achieve implementation."

1. Definition Stage

| 1. Definition | 2. Evaluation Framework | 3. Evaluation | 4. Next Steps |
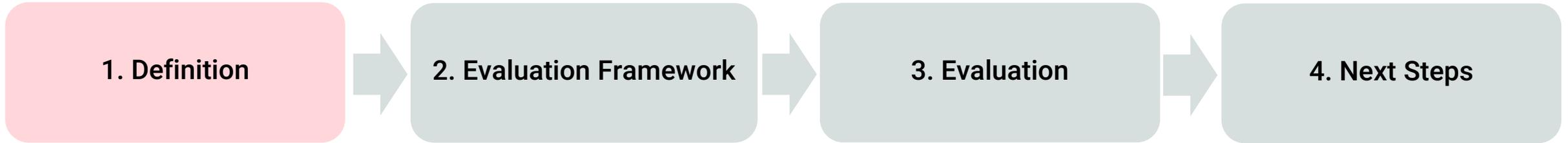
1.1 Define <u>What</u> to Govern

- **Regional interests** for network management

- **Regional system definition**

 - Component (rail, bus, customer, etc)

  - Considerations for inclusion

OUTPUT: Regional Network Reference Concept

1.2 Define <u>How</u> to Govern

- **Decision accountabilities** of RNM, partners

- **Design principles** for RNM

- **Organizational building blocks** (processes, functions, capabilities)

OUTPUT: Requirements for Models

2. Evaluation Framework Stage

| 1. Definition | → | 2. Evaluation Framework | → | 3. Evaluation | → | 4. Next Steps |
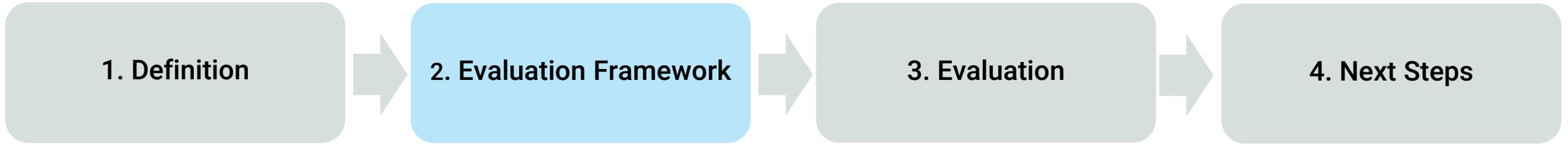
2.1 Confirm RNM Models

- Define the base case
- At least two models: Manager, Management
- Define any permutations

OUTPUT: RNM Sketch Models

2.2 Develop Evaluation Criteria

- Define headline criteria that compare the efficacy of models
- Identify criteria with highest decision relevance
- Define metrics relevant to model evaluation

OUTPUT: Evaluation Criteria and Metrics

3. Evaluation Stage

| 1. Definition | → | 2. Evaluation Framework | → | 3. Evaluation | → | 4. Next Steps |
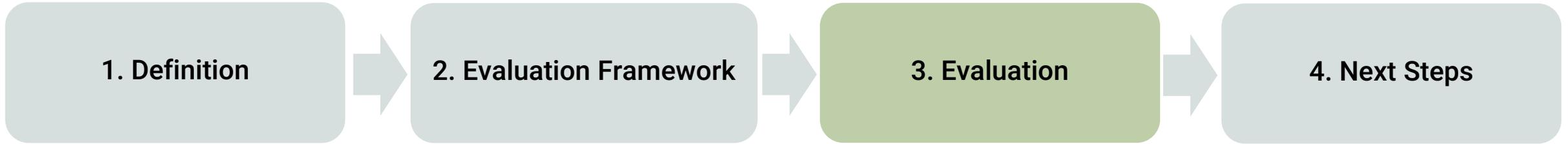
3.1 Perform Evaluation

- Differentiate models in terms of, e.g.:
    - End-state costs and benefits?
    - Funding sources and requirements?
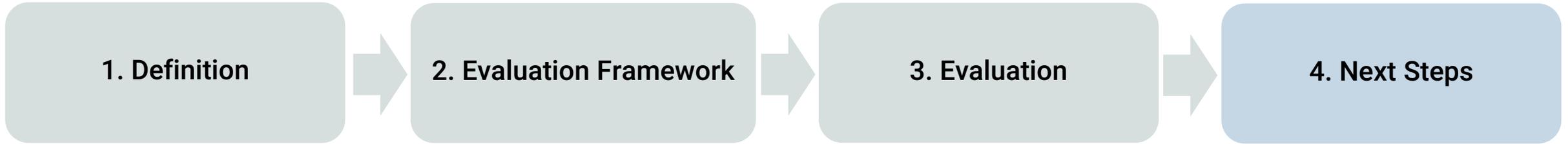   - Consequences/risks? Readiness?

OUTPUT: Evaluation Summary

3.2 Optimize Models

- Could the model(s) be further improved?
- Does a 'preferred' model emerge from the assessment?

OUTPUT: Overview of Optimized Models

4. Implementation Approach Stage

| 1. Definition | → | 2. Evaluation Framework | → | 3. Evaluation | → | 4. Next Steps |

- Legislative, regulatory, agreement tools
- Partnering and interagency agreements
- Risks management and mitigation
- Decision milestones that would support full implementation

- Transition of initiatives and organizations
- Requirements for future detailed business case development

OUTPUT: Implementation Approach

Business Case Evaluation - Models
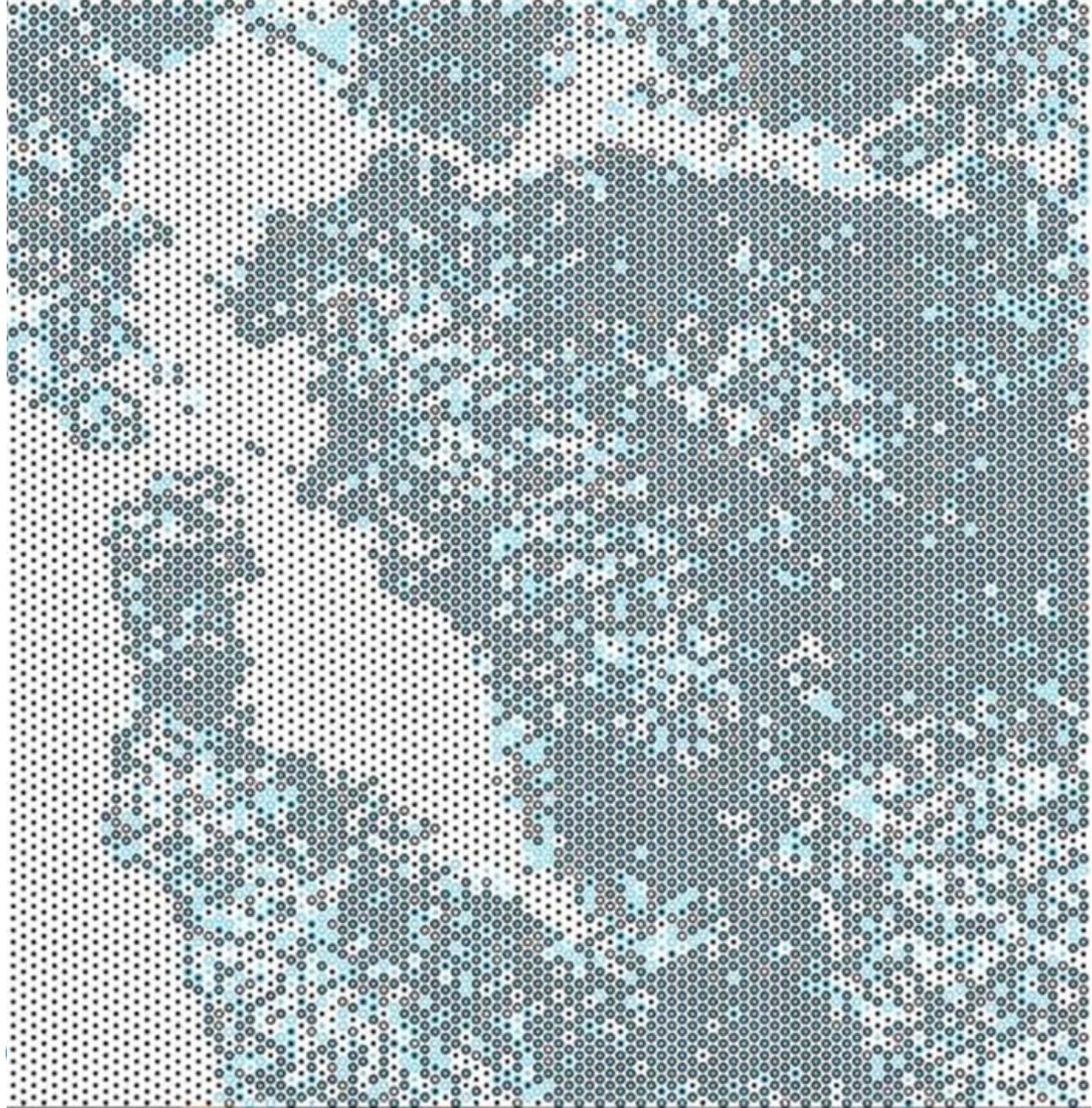
Business Case Questions – Then and Now

Question 1: Summer 2021

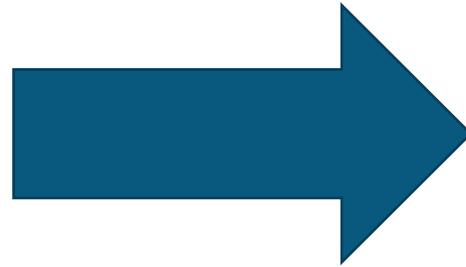| Is network management needed to meet regional transit outcomes? | → | Yes, Per BRTRTF RNM Needed |

Question 2: This Process

What is the best model for the RNM?	→	Model A
		Model B
		Model…

RNM Decision Accountabilities - Updated

For the system/network defined as 'regional interest'

Decision accountability areas *and responsibilities* to be addressed

Network Policy and Planning

- Connected regional network planning (all modes)
- Rail, bus, paratransit, ferry, hubs
- Regional transit harmonization policies, e.g.:
    - Wayfinding
    - Customer information
    - Fare integration
    - Accessible services
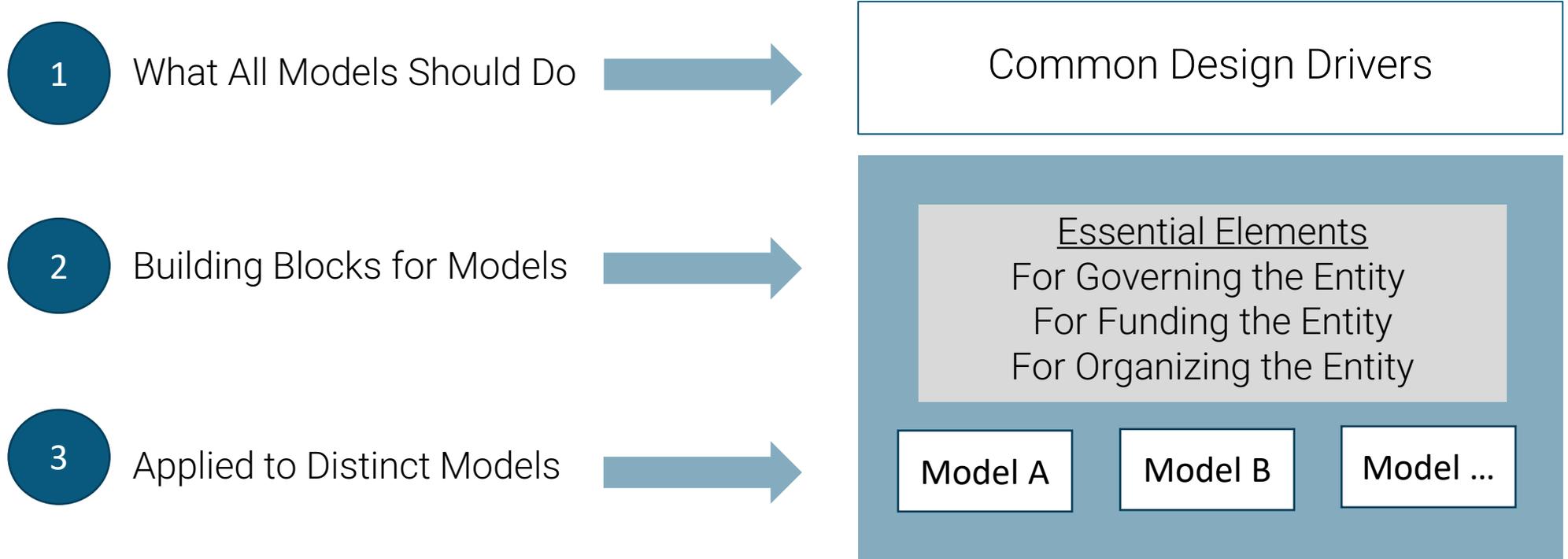   - Equity
- Funding of regional system, prioritization

Network Operations

- Connected network service guidance

Network Delivery

- Project delivery for regional initiatives (megaprojects models recommendations addressed separately)

Building the Models

1 What All Models Should Do → Common Design Drivers

2 Building Blocks for Models →

Essential Elements
For Governing the Entity
For Funding the Entity
For Organizing the Entity

3 Applied to Distinct Models →

Model A   Model B   Model ...

→ Models will be developed to deliver the common design drivers
→ Governing and organizing elements of each models will vary

"Reference Concept" for Connected Network Plan

"The Network all models should achieve"

Entity Design Principles

RNM accountabilities
- *Mandate Completeness*
- Authority
- Voice *(Customer and Policy)*
- Effectiveness

Funding
- Near term
- Long term

Transition, Capacity and Resources
- Forward compatible
- Capacity and resources
- *Risk Management*

"The features all models should possess"

Model Essential Elements

These are the essential elements that will be defined for each model, and described in a sketch level "model summary"

Elements		Description
Governing elements	Design intent	Overall approach to design of the model – its differentiated design driver(s)
	Governing body	Governing body • Policy level • Managing level
	Authorities	Primary Decision Accountabilities Powers of the governing body to enact, by: • Legislation • Agreements • Incentives/disincentives Enabling Tools (e.g. system funding)
Organizational elements	Processes/Functions	Processes (e.g. decision-making, engagement) Org Functions (e.g. corporate, planning, finance, communications/GR, etc.)
	Resourcing	How functions will be managed - who will hold which responsibility New/assigned staffing and financial resources

Basic Models, Refinements, Permutations

→ Two families of models have secondary design characteristics that allow for design refinement, or optional scope for future additional authority/responsibility

→ Design characteristics will be optimized to present the strongest version of each model.

Models - Two Families	Design Refinements and Permutations
RN Management ■ Collaboration between agencies, formalized by agreement(s), to make shared decisions with one voice	<u>Refinements/Permutations</u> ■ Policy body composition and reporting ■ Management body composition and reporting ■ Funding model
RN Manager ■ Centralized authority to make and oversee decisions within one entity	<u>Options - Consider Implications Of/For</u> ■ Organizational consolidations* ■ Project delivery governance* * Focus of future study – dependencies and implications only examined at this stage

Discussion

- Which, if any, areas of presumed RNM responsibilities require more clarity for purpose of model development?

- Have we captured the most essential 'building blocks' for the design of the models, to support evaluation?

- Are there additional design refinements or permutations of the basic models that should be considered?