



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6

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Memorandum

TO: Policy Advisory Council

DATE: March 6, 2019

FR: Anne Richman, Director, Programming &
Allocations

RE: Transit Sustainability Project (TSP) Performance Report Update

Background

In May 2012, in the wake of the Great Recession, the Commission adopted final recommendations for the TSP (MTC Resolution No. 4060) to achieve continued service and cost control improvements by Bay Area transit agencies. These adopted policies establish performance measures and targets for the largest seven Bay Area transit operators. Each operator is to achieve a five percent reduction by FY 2016-17 in one of three performance measures, with no growth beyond the Consumer Price Index (CPI) thereafter. These measures are:

- a) Cost Per Vehicle Service Hour;
- b) Cost Per Passenger; and
- c) Cost per Passenger Mile.

In 2013, each transit operator adopted a strategic plan that describes how the agency intends to meet one or more of the performance targets. Since then, MTC has been annually monitoring each operator's progress towards meeting the TSP targets using National Transit Database (NTD) data. After the end of a fiscal year, it takes approximately one year to finalize the NTD data, which results in a time lag for the TSP analysis.

This year's TSP performance analysis is based on FY 2016-17 data and is also the deadline for operators to achieve the TSP target. In FY 2016-17, four of the seven operators achieved a five percent reduction against the baseline in at least one of the metrics; Golden Gate Bridge Highway and Transportation District, San Francisco Municipal Transportation Agency, and Santa Clara Valley Transportation Authority did not. Nonetheless, all operators have met the metric at some point over the five-year analysis period. Most operators are achieving the five percent performance target due to strong ridership gains in past years and by keeping costs steady. Achieving *both* higher ridership and better cost control is the key to a more sustainable future for Bay Area public transit.

Per the adopted TSP policy (see Attachment A), MTC staff may make recommendations on conditioning existing and new operating and capital funding administered by MTC for operators that do not achieve the TSP target. Staff finds that most agencies have been responsive and have aligned costs with productivity, but that agencies are beginning to see ridership declines – in some cases of significant magnitude.

Through another element of the TSP, the Transit Performance Initiative, MTC has invested approximately \$150 million in projects and programs geared to increasing ridership and improving service. The program has had mixed results but as more projects are completed, more data will be available to refine the program approach.

Despite past efforts, however, it is apparent the operating climate of the transit industry is changing and may affect transit operators' ability to continue their current service models. Rather than link operators' performance to funding, staff proposes to launch a cooperative effort with the transit operators to address issues affecting the industry as a whole and Bay Area operations in particular. The transit ridership study underway by University of California, Los Angeles researchers is one example; other areas could include service design and coordination, first/last mile coordination, and improving transit speeds.

The attached presentation includes findings and results of the TSP and proposed next steps.

Attachments:

- Attachment A: MTC Resolution No. 4060 Excerpt
- Attachment B: PowerPoint Presentation

Attachment A- Excerpt from MTC Resolution No. 4060 (May 23, 2012)

MTC Resolution No. 4060 (Excerpt)

Performance and Investment Policies

Performance Measures and Targets

To monitor the performance of the seven largest transit agencies in the Bay Area, the Commission establishes the following TSP performance target, measures, and monitoring process:

Performance Target

5% real reduction in at least one of the following performance measures by FY2016-17 and no growth beyond CPI thereafter. To account for the results of recent cost control strategies at agencies, the baseline year will be set at the highest cost year between FY2007-08 and FY2010-11.

Performance Measures

- Cost Per Service Hour*
- Cost Per Passenger*
- Cost Per Passenger Mile*

**As defined by the Transportation Development Act*

Monitoring Process

In FY2012-13, agencies are to adopt a strategic plan to meet one or more of the targets and submit to MTC.

On an annual basis, starting in FY2013-14, the transit agencies submit performance measure data on all three targets to MTC.

In FY2017-18, MTC will analyze agency progress in meeting target

In FY2018-19, MTC will link existing and new operating and capital funds administered by MTC to progress towards achieving the performance target.

The following agencies, the largest seven transit agencies in the Bay Area, are subject to the performance measures and targets: AC Transit; BART, Caltrain, Golden Gate Transit, SFMTA, SamTrans, and Santa Clara VTA.



Transit Sustainability Project

Five-Year Assessment
March 2019

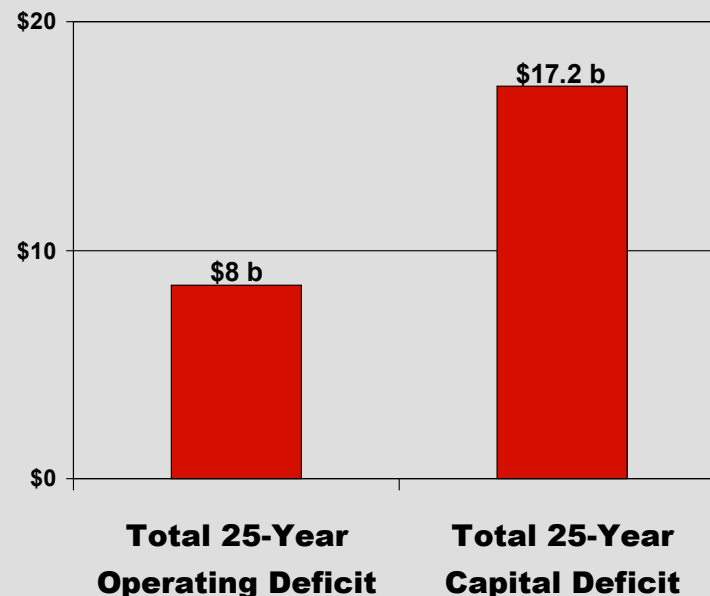


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TSP Origin Story: Financial Challenges of Great Recession

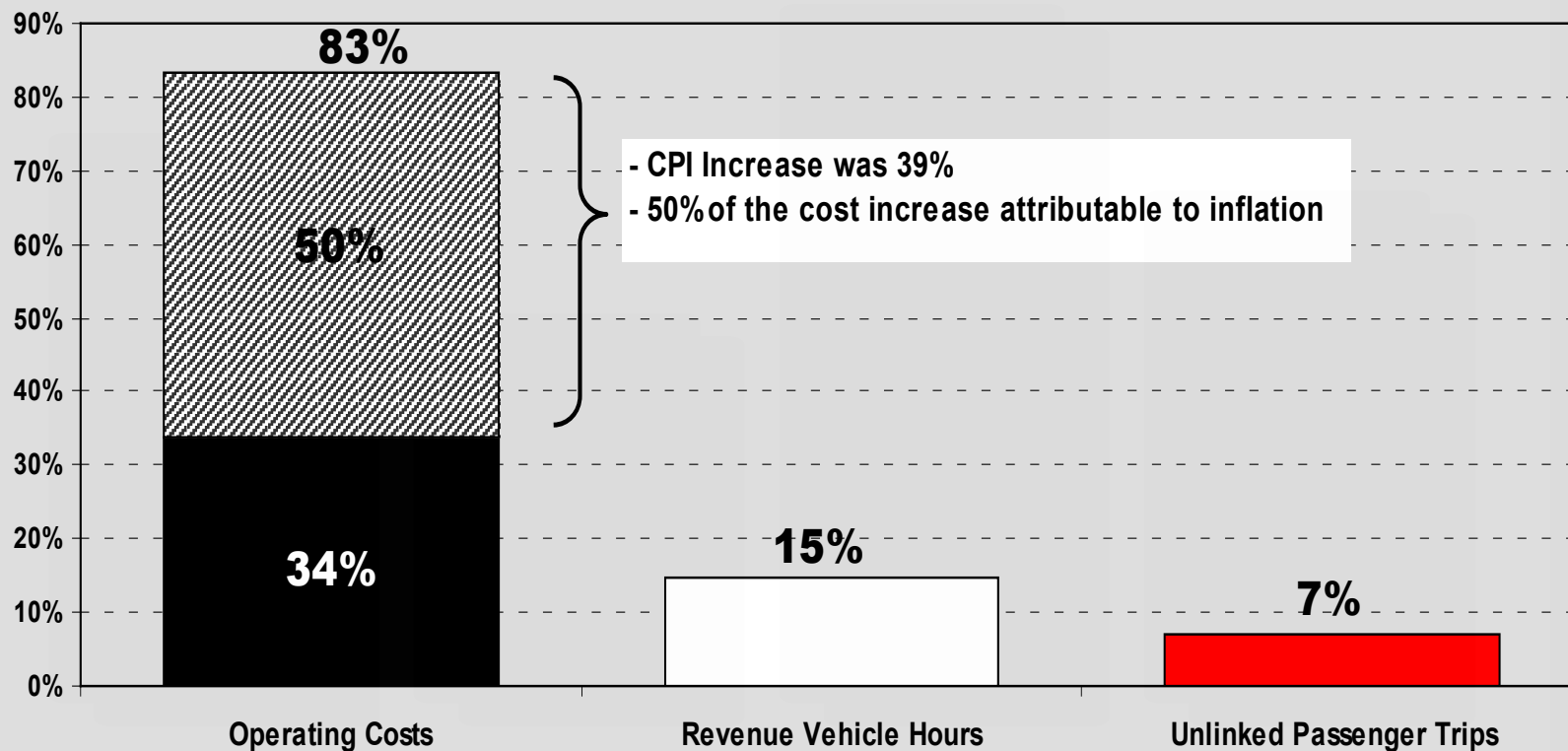


Projected Deficits Transportation 2035



TSP Context: Percent Change in Cost and Performance Indicators for Large Ops (1997 – 2008)

- Transit Sustainability Project Initiative: 2009 - 2012
- Goal: to reverse trend and achieve cost increases in line with ridership and service increases



Source: National Transit Database, "Big 7" only.
Excludes ferry, cable car and paratransit.

TSP Requirements and Actions

- Annual monitoring of performance metrics, operators to meet targets by FY2016-2017
- Strategic plans and annual updates
- Follow-on studies:
 - Inner East Bay Fares
 - Tri-City/Tri-Valley Service Planning
 - SMART/North Bay Bus Coordination
- TPI Incentive and Investment programs: \$150M to fund operating and capital improvements
 - \$86 million over 5 grant cycles, ongoing
 - \$60 million over 4 years (\$15 annually), suspended

TSP Performance Measures - Summary of Results

FY 2016-17 Assessment

Transit Operator	Percent Change from Highest Baseline Year in FY 2016-17 (a)		
	Cost per Vehicle Service Hour	Cost Per Passenger	Cost Per Passenger Mile
AC Transit	-1.0%	20.2%	-10.2%
BART	-7.1%	-8.8%	-16.4%
Caltrain	5.7%	-27.7%	-16.8%
GGBHTD*	-3.9%	8.4%	0.5%
SFMTA	-4.3%	2.8%	3.4%
SamTrans	-26.2%	14.6%	30.4%
VTA	-0.2%	20.9%	8.8%

* Results represent a consistent methodology for all operators. However, if an adjustment is made to remove the newly acquired Tiburon Commute service from GGBHTD's FY 2016-17 data, the agency meets the cost per hour metric (at -5.2%).

Five Year Performance Summary

Historical Performance in 1 or more of metrics				
FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
✓	✓	✓	✓	✓
✓	✓	✓	✓	*
✓	✓			
	✓	✓	✓	✓
✓	✓	✓	✓	

Key Findings

- Generally, performance goals are being met
- All operators met metric at some point over five year period

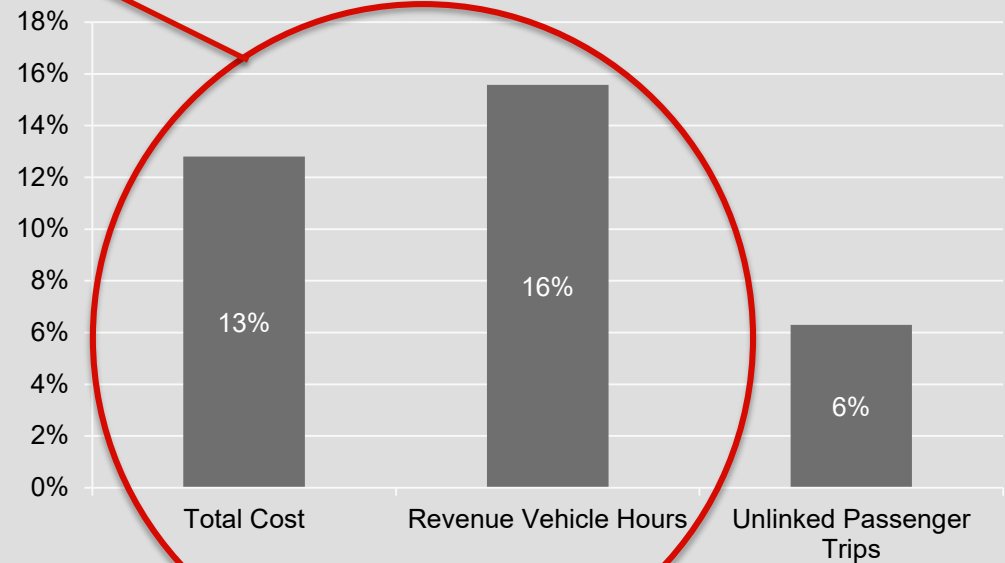
Overall Trends from 2011 to 2017

Good News...

2010 – Region was concerned about spiraling costs outpacing service improvements.

2018 – Most agencies have been responsive and have aligned costs with productivity.

7 Large Operators* Percent Change from 2011 to 2017 (in \$2017)



* AC Transit, BART, Caltrain, GGBHTD, SFMTA, Samtrans, VTA, based on NTD data 12/12/18

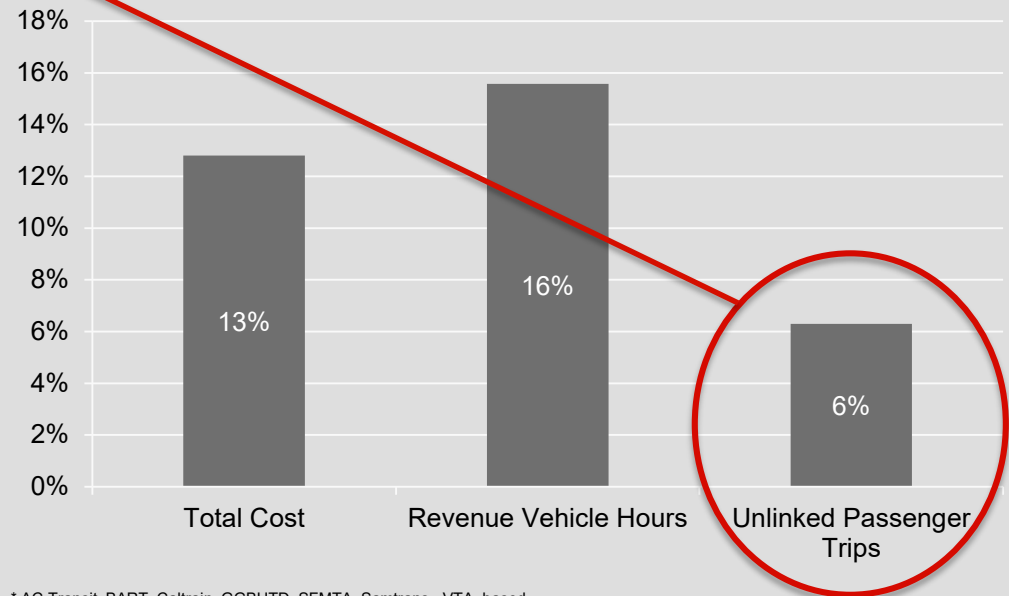


Overall Trends from 2011 to 2017

Bad News...

- Overall ridership levels are declining, generally affecting bus systems more than rail.
- MTC invested nearly \$150 million to improve service and productivity but challenges remain.
- Challenges have changed over time: ridership is now main concern

7 Large Operators* Percent Change from 2011 to 2017 (in \$2017)



* AC Transit, BART, Caltrain, GGBHTD, SFMTA, Samtrans, VTA, based on NTD data 12/12/18

Current external factors impacting transit industry

- Housing affordability and cost of living
- Urban/ HOV Traffic congestion; transit travel time increases
- Changes in modes of commuting

Housing Affordability and Jobs/ Housing Balance

Questions:

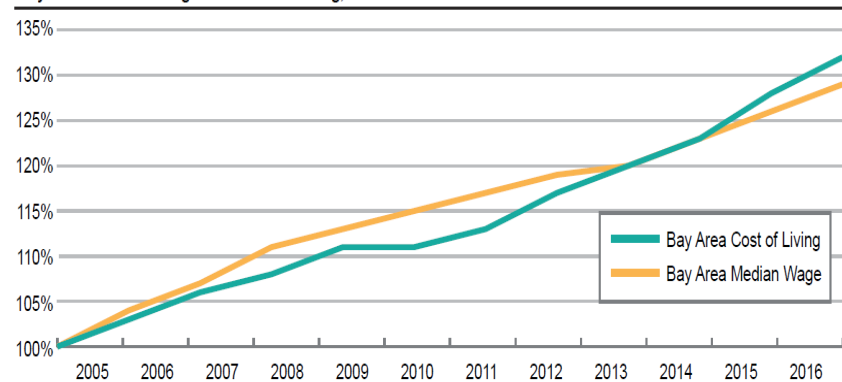
- What is the impact of housing costs on transit ridership?
 - Have transit riders moved out of the region altogether and non-transit riders in the region increased?
 - Are riders moving to less expensive, more remote locations with poor transit access (and shifted to drive or other modes)?
- How have land use decisions at the cities and counties impacted transit ridership or the ability to provide efficient transit?

Labor Force - Affected by Cost of Living

- Industry-wide labor shortage, may impact ridership by straining service
- Locally, operators are experiencing labor shortages
 - SFMTA –1,894 operators hired, but requires 2,305 operators (SF BLA Office).
 - WCCTA provided additional funds to contractors to increase the driver and staff wage scales to address severe driver shortages
- Paratransit (various operators) –
 - Contractors having difficulty hiring and retaining drivers
 - Operators are being asked to increase contracts to help fund higher wages to attract enough drivers

The Bay Area's cost of living is now rising more steeply than its median wage increase.

Bay Area Growth in Wages and Cost of Living, Indexed to 2005



Sources: BLS Occupational Employment Statistics and Consumer Price Index; Zillow Home Value Index, All Homes
Analysis: Bay Area Council Economic Institute

Congestion Increases in Region are Affecting Transit

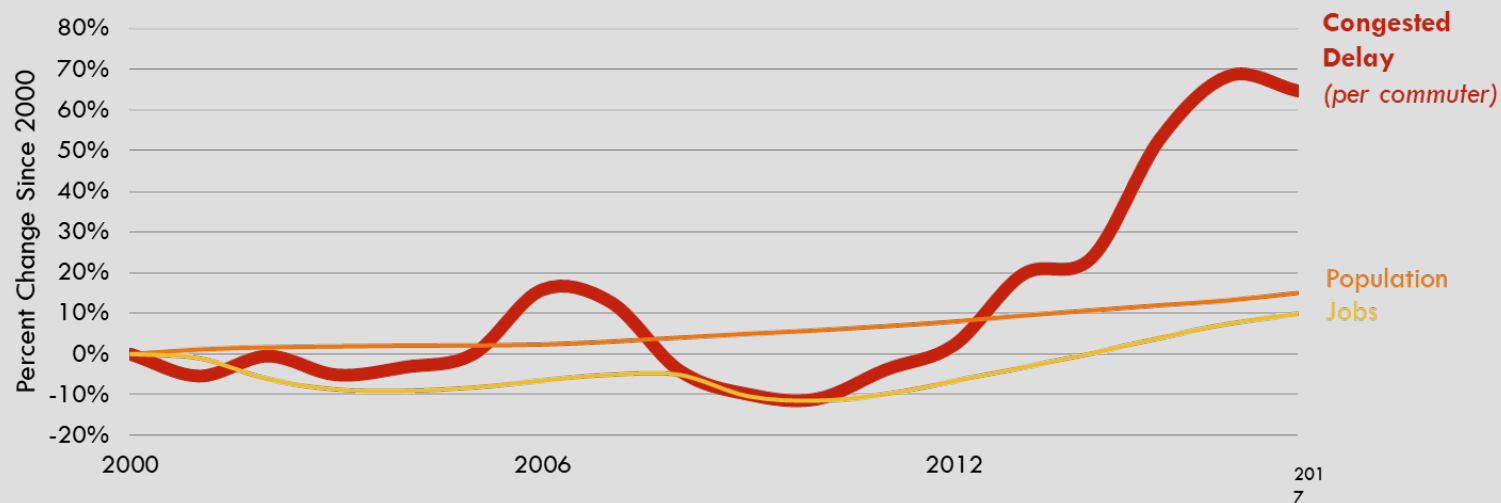


TIME SPENT IN CONGESTION

REGIONAL PERFORMANCE

Congestion has outpaced growth in population and jobs, increasing 64 percent since 2000.

CHANGE SINCE 2000 – POPULATION, JOBS AND TIME SPENT IN CONGESTION



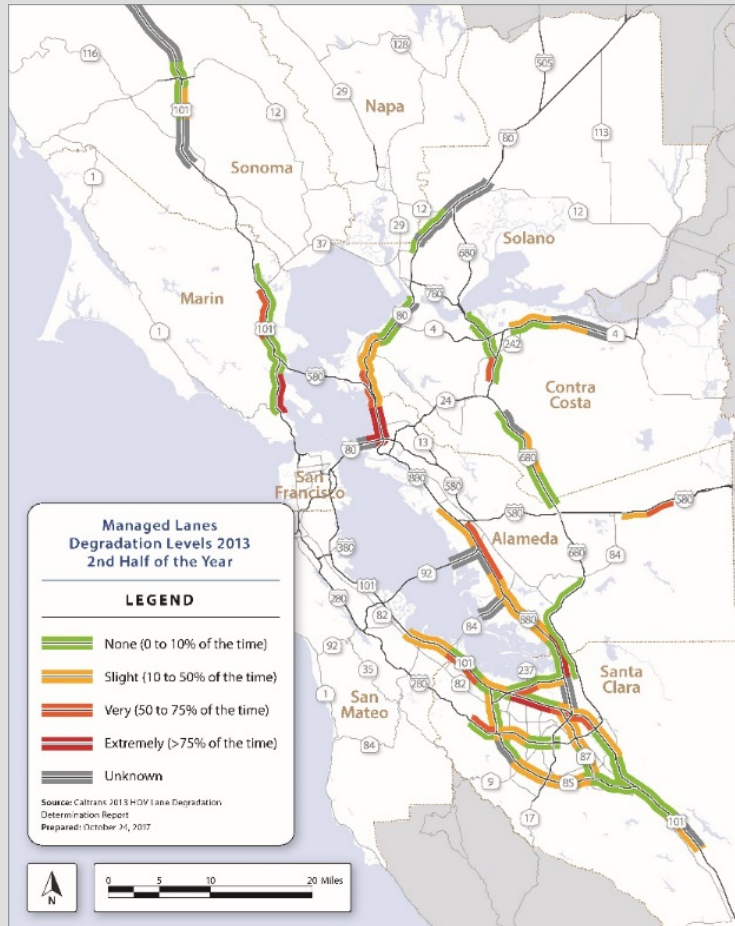
Source: California Employment Development Department; California Department of Finance; INRIX/MTC Analysis



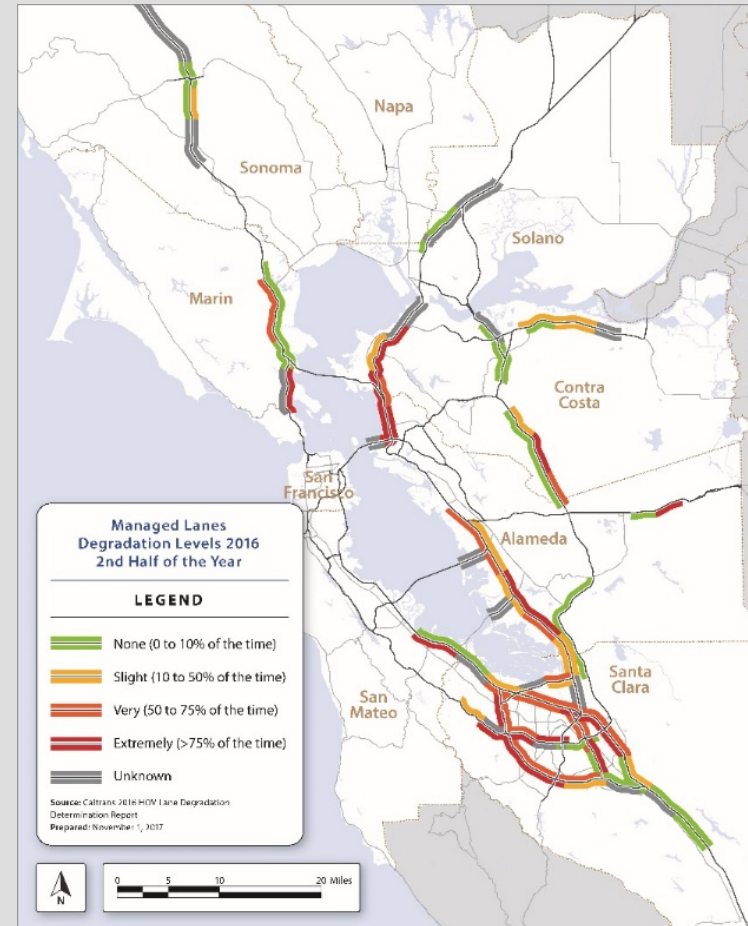
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HOV Degradation Increasing in Rate and Severity

2013 Degradation

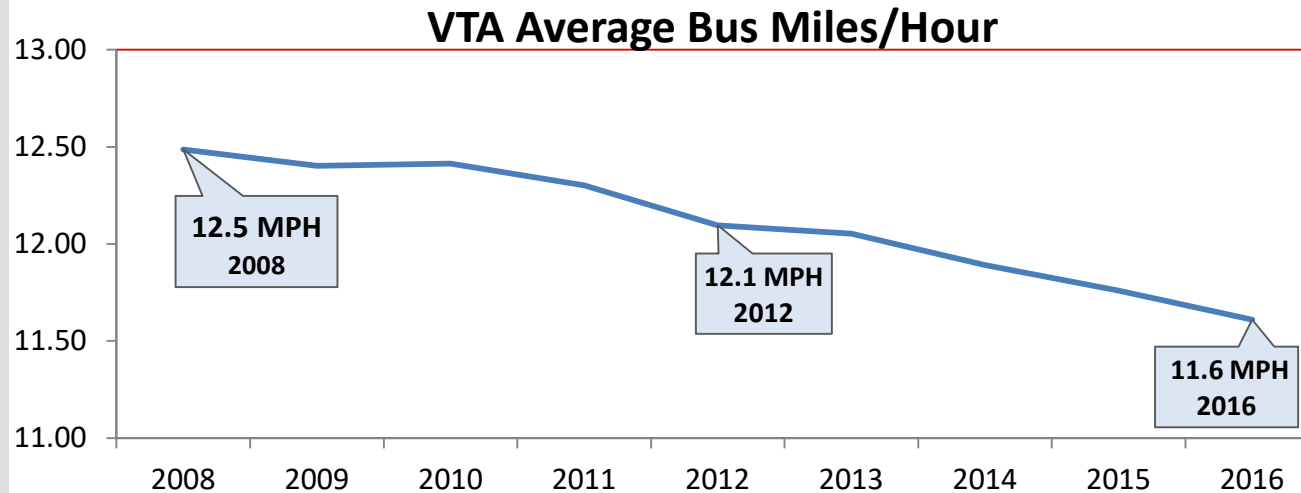


2016 Degradation



Federal Standard: maintain an average speed of 45 mph at least 90 percent of the time during the peak hour over a consecutive 180-day period.

Transit Speed – VTA Example

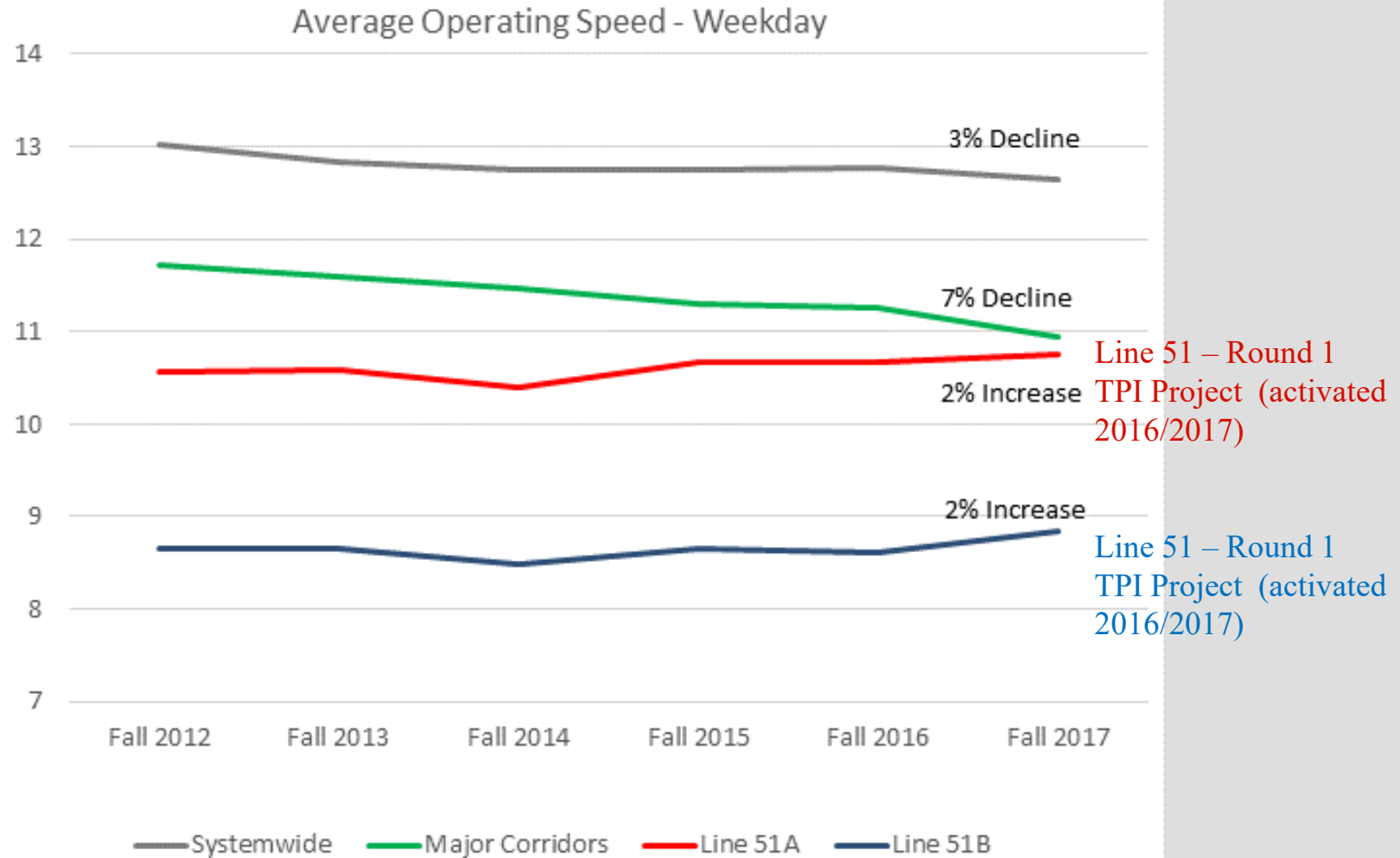


Slowing Routes Require More Buses

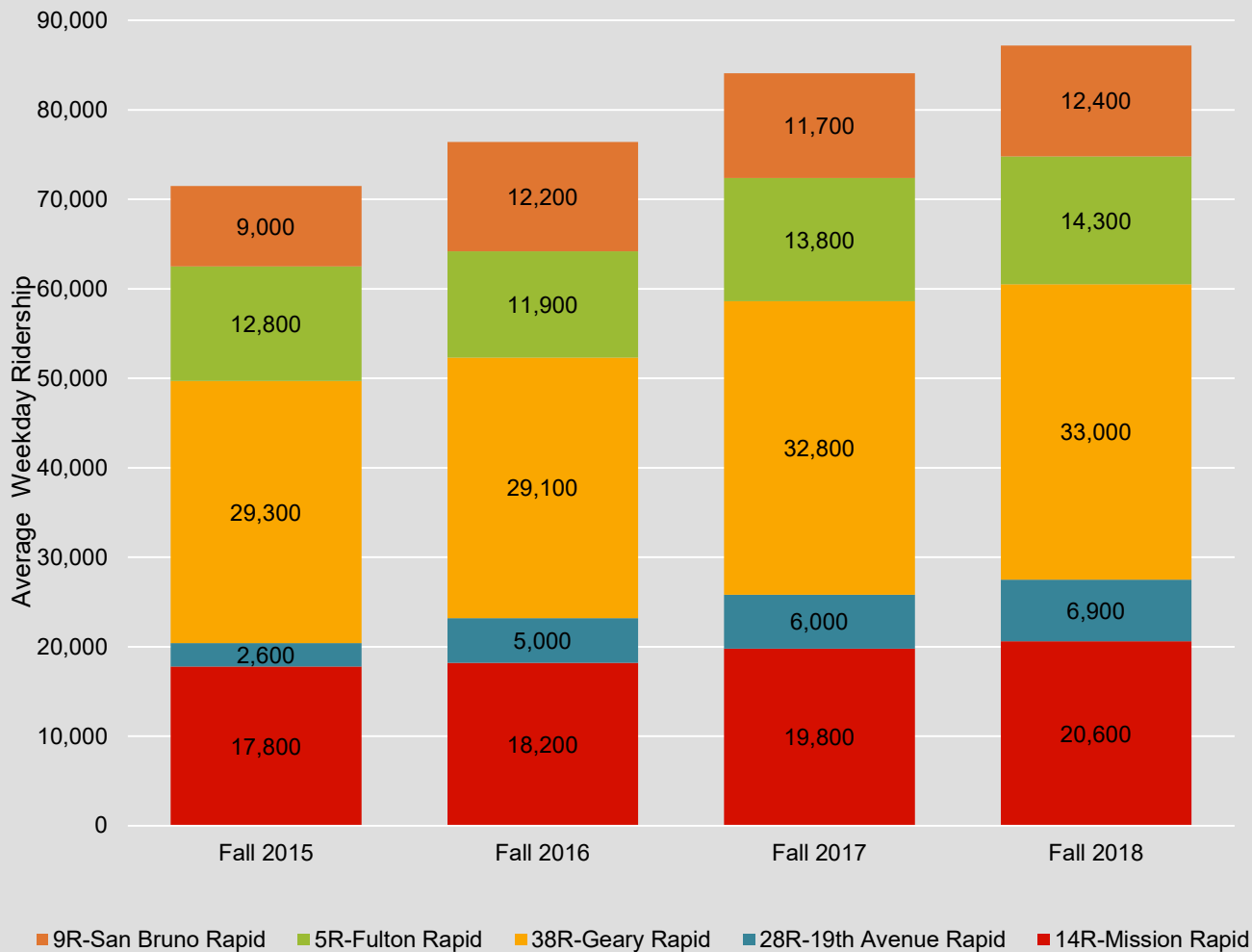
Buses needed for 15-minute service on Route 22



Transit Speed – AC Transit Example



SFMTA: Rapid Ridership Growing



Since 2015, ridership on the Rapid Network has increased **22%**.

Added capacity and increased frequencies on rapid routes has not only brought new riders but also shifted demand from Local to Rapid service.

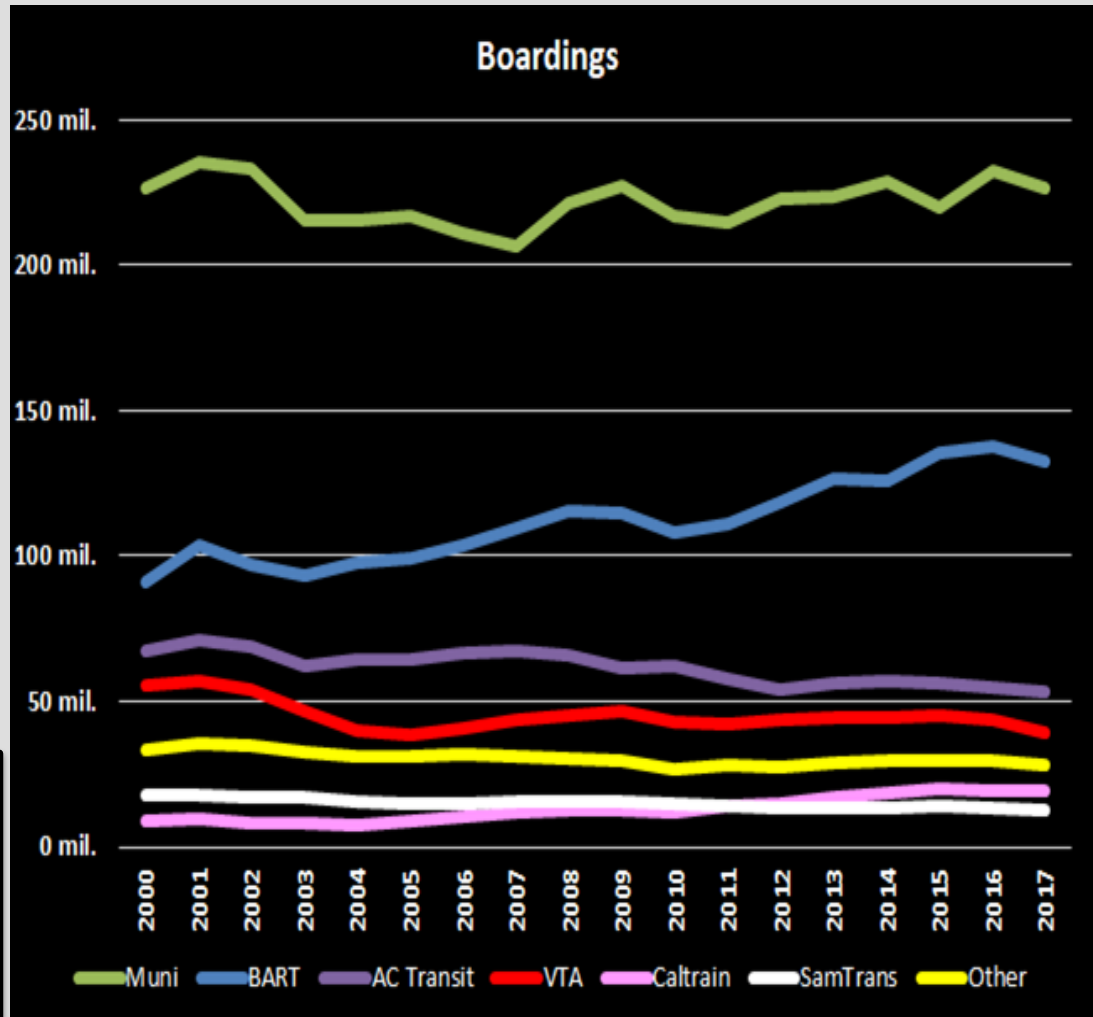
Ridership Trends and Observations

Bay Area Transit Use Study (UCLA Partnership):

- How and where is transit use changing?
- How is transit service changing, or not changing?
- How are transit riders changing?

Mode Share Observations:

- In SF, TNC use increased from 0% in 2012 to 4% in 2017
- Regionwide, telecommuting is on the rise: 4% in 2000 to 6.3% in 2016



Performance Measures Proposal

In place of financial consequences related to performance targets, launch a cooperative effort that brings together focused efforts:

- 1) Improve financial position
 - Maintain progress on aligning costs with productivity; stay vigilant
 - Proactively address labor challenges
- 2) Improve service for the customer and attract new riders
 - Continue operator-led service planning assessments
 - Transit Use Study (UCLA led, underway)
 - First/ Last Mile and integration of Mobility as a Service
 - Coordination of fares, schedules, mapping
 - Implement steps to speed up bus trips:
 - Support local projects to improve speed
 - HOV lanes
 - Pricing

Next Steps

Spring/Summer 2019:

Collaborate with Transit agencies to evaluate issue areas

Summer/Fall 2019:

Continue annual TSP performance monitoring

Late 2019:

- Hold a Transit Sustainability Workshop
- Evaluate Implications for Plan Bay Area