

To: Operations and Scheduling Committee

Date: June 25, 2013

From: Laramie Bowron, Manager of Planning

Reviewed by:

Subject: Minor Service Change Policy

Summary of Issues:

In light of recent Board discussions and actions that defined Major Service Changes, staff wanted to review the policies affecting Minor Service Changes. Major service changes require public hearings and a Title VI analysis and are triggered when more than 25% of the route miles, daily revenue miles, or route passengers are affected. A Minor service change is one that is below the 25% threshold.

Minor service changes haven't traditionally gone to the Board for approval. There is however a Board adopted the Productivity Standards Policy which set thresholds for route-level performance and establishes a methodology for considering service changes. At the time of the 1995 productivity policy adoption, the budget was expanding and service was being added. The policy was designed to corral expansion into non-productive corridors and ensure that new service was achieving certain productivity levels.

When the major service cuts were made in 2009 the Productivity Standards Policy was not used as the thresholds established were no longer relevant given the depth of cuts necessary. Ridership patterns, passenger per hour, TDA/STA subsidy per passenger, and service area equity were the methods used to evaluate where service should be cut.

Staff recommends that the 1995 productivity policy be replaced with a new Minor Service Change policy that is more flexible and useful in both times of growth and times of restriction. The recommended policy is attached and establishes that minor service changes are authorized by the General Manager. It further specifies that minor service changes will be done to improve productivity as measured in terms of the TDA/STA/Special fund subsidy per passenger. Routes and route trips with high fare revenue and/or private funding will have a low subsidy per passenger. Routes and trips with low ridership and high public subsidy will be considered unproductive. No thresholds are set for performance and will change depending upon budget constraints.

The recommended policy also states that minor service changes deemed impactful by the General Manager due to public perception or Board interest will be brought to the

Operations and Scheduling committee for review. The Committee will determine whether Board action is desired.

Recommendation:

Staff recommends that the O&S approve the Minor Service Change policy and forward it to the full Board for adoption.

Options:

1. Forward the policy as-is to full Board for adoption in July
2. Forward with policy with changes to the full Board
3. Reject the proposed policy
4. Other

Attachments:

1. Existing Productivity Standards Policy
2. Draft Minor Service Change Policy

SUBJECT: Minor Service Change Policy

POLICY: This policy provides Authority staff and the Board of Directors with the criteria guiding minor service changes and replaces the productivity standards policy adopted in 1995. Minor service changes are defined as those that fall below the 25% miles, hours and passengers thresholds set for major service changes.

Major service changes have been defined by the Board in their public hearing and Title VI policies as: a) an increase or decrease of 25 percent or more to the route miles of a route; or b) an increase or decrease of 25 percent or more to the daily revenue miles of a route; or c) a change that affects 25 percent or more of the daily passenger trips of a route.

The General Manager, has the authority to implement minor service changes without a public hearing, Title VI analysis, or Board approval.

“Minor” service changes will be made in response to budget constraints, passenger needs and travel patterns. Ongoing adjustments will be made to improve productivity while retaining service area equity. The primary indicator for determining productivity will be the TDA/STA/Regional fund subsidy per passenger.

This subsidy per passenger measures the amount of public funding that is required for each passenger trip. If passenger fares, private funds, or other special funds for the route are high, then the subsidy per passenger is low. Routes with low ridership and high subsidy will be considered unproductive.

Minor service changes deemed by the General Manager to be impactful due to public perception or Board interest will be brought to the Operations and Scheduling committee for review. The Committee will determine whether Board action is desired.

Board Adopted Policies on Service Changes

Joint Powers Authority (JPA) Appendix C – Basic Level of Service (BLS)

In the original JPA (1980) the basic level of service was defined in terms of routes, headways and operating hours. The basic level of service for each jurisdiction was defined and based on a share of 409 total revenue hours a day. Currently we operate 787 revenue hours a day on a route system that has changed significantly. In 1994 a detailed analysis was done that showed that no jurisdiction had fallen below their original BLS. In the 2009 major service cuts an analysis was done to show that there was not a negative effect on the share of service in any jurisdiction.

Public Hearing Policy

The public hearing policy requires public input and Board action on Major Service Changes which are defined as route changes where there is more than a 25% change in route miles, daily revenue miles, or will impact more than 25% of the passengers.

Title VI

The Board has adopted policies related to Title VI whereby an analysis is done on Major Service Changes to determine if there is a disproportionate burden on minorities or low income individuals. Title VI requires Board review, action, on Major Service Changes as well as Fare Changes.

SUBJECT: Productivity Standards Policy

POLICY: In the past, the standard of passengers per revenue hour (pax/rvhr) was used exclusively to evaluate route and system productivity. The Productivity Standards Policy adopts more than one standard in order to more fully analyze true productive at the route level. The Policy provides Authority staff and the Board of Directors with a viable tool with which to analyze each route's performance.

This tool utilizes six quantitative indicators, four of which will be applied to an overall, or composite, system ranking. These indicators are weighted evenly and measure cost efficiency and service effectiveness. Two indicators will not be factored into the composite ranking. They will be displayed in the report for informational purposes, and will also have some bearing on the evaluation process. These two indicators are shaded gray in the attached Exhibits A and B.

The Policy includes a monitoring program for the new standards, encompasses new transit services as well as existing ones, discusses what special attention will be given to routes or service that fail to meet set standards, and defines under which conditions exceptions to the standards will be considered.

Data collection for this effort will begin in January 1996. The Productivity Report will be presented to the O&S Committee and the full Board on a quarterly basis beginning in May 1996.

The following six standards provide a balance between cost efficiency and service effectiveness indicators, as well as a quantifiable number for measuring the number of transit-dependent persons per route.

Performance Standards

Passengers per Revenue Vehicle Hour (PAX/RVHR)

This measure was identified by transit operators as the most used and most critical standard by which to judge productivity at the route level. Its universal appeal is based on the fact that wages, typically 80 percent of an operating budget, are paid on an hourly basis. Therefore, this measure provides a common basis when examining costs. In addition, it measures how well transit services are able to attract riders to the system, thereby measuring route effectiveness.

Passengers per Revenue Vehicle Mile (PAX/RVMI)

This indicator is useful on routes where there is high potential for frequent turnover (i.e., on a route that makes frequent stops where passengers have the opportunity to board and alight at each stop made). It also measures route effectiveness.

Subsidy per Passenger Trip (SUB/PAX TRIP)

This indicator measures the public funding portion that is required to make up the difference between cost per passenger and revenue per passenger. Most operators who use this indicator state that two to three times their system average was the acceptable subsidy per passenger. In systems such as ours that charge different fares (i.e., express bus premiums), the cost per passenger can be constant across services but the premium collected makes the subsidy less for the express route. This indicator measures route efficiency.

Farebox Recovery per Route (FAREBOX/ROUTE)

This indicator is the inverse of Subsidy per Passenger Trip and, likewise, takes into account the fixed costs associated with operating each route. Most properties that utilize this indicator at the route level have established minimum standards. These standards range from 10 percent to 100 percent, with most utilizing a rate of below 25 percent. The next most frequently used range was 25 to 40 percent. A higher minimum ratio should be expected on those routes that are premium routes (i.e., express/commuter routes and employer-subsidized routes). This indicator measures route efficiency.

Load Factor per Route per Revenue Hour (LOAD FACTOR/HR)

This indicator is another quantitative factor and measures service effectiveness. It is quite useful in accurately comparing the different types of fixed-route services we are likely to provide in the future: route deviations, service substitutions, and van or shuttle services, as well as conventional fixed-route services. Its utility lies in the fact that it is considered a “normalizing” evaluation tool because it is a measure of how much seat capacity is being used per trip or per hour. Therefore, the size of the vehicle is irrelevant because this factor measures only what percentage of seats is being utilized.

Transit Dependent per Route (TRANSIT DEP/ROUTE)

There are a variety of factors that could determine transit dependency, such as car ownership, number of cars per household, number of working persons per household, and age of household occupants. This indicator has no figures in the attached charts because the indicator requires a tremendous level of data compilation that will take time to complete. Staff has begun this process, and this data will be available in future reports.

The exhibits show how this system of indicators can be used. Exhibit A is sorted by route. Each route has a rank in each of the four indicators, as well as a composite ranking based on the average of these four indicators. Exhibit B lists the routes according to their composite ranking, from number 1 (the most productive) to number 29 (the least productive). It also shows those routes that fall in the bottom 30 percent of the system productivity as a whole. Assessing the routes and listing them in this manner gives one the ability, at a glance, to determine a route’s overall productivity as compared to other routes in the system, as well as to see how a particular route is doing in any one particular indicator.

Application of Performance Standards

Utilizing the four indicators allows us to regard a route’s composite ranking as the measure of its overall performance when compared to other routes in the system, regardless of the type of service (local, express, or alternative). This is because the four indicators were chosen based on their ability to balance the different operating characteristics of the different types of services provided.

Some express routes have longer routes with fewer opportunities for passenger turnover; whereas, alternative routes may utilize vans versus standard 40’ coaches. Further, the mix of indicators favors some operating characteristics over others. For example, the Passengers per Revenue Vehicle Mile indicator favors those local routes that make frequent stops and have high turnover, while the Load Factor per Route per Revenue Hour indicator normalizes the capacity differences between routes that use different size vehicles.

Express, Local and Alternative Routes

The goals and standards for the four indicators utilized in the composite ranking are shown below. They were derived using financial and ridership projections generated in the most recent SRTP. The standards are to be applied to all routes except new or demonstration routes, where another set of standards will be applied.

<u>Indicator</u>	<u>Goal</u>	<u>Standard</u>
Passengers per Revenue Vehicle Hour	16.7	14.2
Passengers per Revenue Vehicle Mile	1.26	1.07
Subsidy per Passenger Trip	\$2.32	\$2.67
Load Factor per Route per Revenue Hour	0.38	0.32

These standards represent 8.5 percent of each indicator's goal. Routes will be expected to achieve these standards in three of the four indicators. In addition, a route's composite ranking will need to fall within the top 70 percent of the system as a whole. **Those routes where their composite ranking falls in the bottom 30 percent, or do not achieve the standard in three out of four indicators for longer than two bid periods (six months), will be examined for possible remedial action.** Those routes will be highlighted on the data tables (see attached).

If a route is achieving the standard in three out of four indicators, but performs in the bottom 30 percent in its composite ranking for two successive bid periods, it would not necessarily be subject to remedial action. This is because the composite ranking system will always have a bottom 30 percent in the tables. The composite ranking could be a factor utilized under a more financially constrained scenario when, for example, we may in the future be forced to consider route cuts in order to balance the budget or shifts in service due to continued implementation of the Resource Reallocation Plan. The purpose of this evaluation tool is to be able to monitor the ongoing performance of each route and have quantitative data to support all future service allocation decisions.

For the following indicators, no goals are established because they will not be factored into the composite ranking. They will, however, be listed in the reports as shaded columns.

Farebox Recovery per Route
Transit Dependent per Route

New and Demonstration Routes

New and demonstration routes will be listed separately (see attached charts). The following will be the standards and timeframes for evaluation of new routes:

New Service: 60% of system goal for 3 out of 4 indicators within 6 months.
80% of system goal for 3 out of 4 indicators within 12 months.
85% of system goal for 3 out of 4 indicators within 18 months.

Corrective Actions

Routes that fail to meet the standards will be listed in the report as probationary (see attached charts). The route will be evaluated to determine causes of poor performance and special attention will be given to these routes in an attempt to improve performance. Corrective actions will be taken, including some or all of the following: adjustments to route length, running time, route alignment, route interlining, trip cuts, headway adjustments, or marketing of the route to an identified population segment. If these efforts are not successful, staff will make a recommendation to the Board to terminate the route at the earliest possible time.

Each route will be evaluated in view of its particular operating characteristics, and any remedial actions will be given an appropriate amount of time to produce results. The amount of time given for a route to succeed will vary according to the route and will be determined on a case-by-case basis.

Guidelines for Exceptions to the Standards

For some routes, a strict comparison to system productivity as a whole is unfair for a variety of reasons. There are sometimes other factors that affect route performance, as well as make the route a candidate for continuance in spite of performance below standards. They are:

- ◆ Routes that provide service for a large transit-dependent population.
- ◆ Routes that provide service to social services, such as public health clinics, day treatment, work sites for the developmentally disabled, food banks, homeless shelters, and city and county services.
- ◆ Routes that serve to close an identified “gap” in regional service (i.e., Route 950).
- ◆ Routes that are partially or wholly subsidized through regional or local funding sources (i.e., Air District, Measure C, or the private sector).
- ◆ Routes that are operated in cooperation with other transit operations (i.e., Route 930).

Any evaluation of services that have any of the above conditions must take these conditions into account, in addition to the quantitative performance factors. Based on the above conditions, they may be considered exempt from being held to the same standards as other fixed route services. That determination would be made on a case-by-case basis, with the final decision made by the Board of Directors.

DATE OF ADOPTION: December 21, 1995

County Connection Subsidy per Passenger Ranking - FY12

Route	Annual Passengers	Cost (\$49.72/Total Hr + \$2.14/Total Mi)	Fares (\$1.51/Pass)	Contract, Measure J, and other revenue	TDA/STA	TDA/STA Subsidy/Pass
649	147	\$25,149	\$221	\$24,928	\$0	\$0.00
316	27,747	\$149,905	\$41,898	\$107,517	\$491	\$0.02
92X	42,472	\$379,993	\$64,132	\$314,802	\$1,060	\$0.02
14	154,772	\$674,949	\$233,706	\$435,203	\$6,040	\$0.04
98X	84,885	\$633,630	\$128,177	\$493,175	\$12,278	\$0.14
18	109,541	\$621,312	\$165,407	\$435,203	\$20,702	\$0.19
16	176,189	\$993,750	\$266,045	\$688,902	\$38,803	\$0.22
9	142,126	\$787,368	\$214,610	\$525,994	\$46,764	\$0.33
627	12,063	\$23,920	\$18,215		\$5,705	\$0.47
613	5,693	\$12,055	\$8,596		\$3,459	\$0.61
93X	51,525	\$531,994	\$77,803	\$418,821	\$35,370	\$0.69
97X	23,863	\$406,212	\$14,575	\$368,663	\$22,975	\$0.96
96X	122,356	\$986,387	\$52,320	\$801,388	\$132,680	\$1.08
4 (Weekend)	51,684	\$127,430	\$0	\$69,412	\$58,017	\$1.12
95X	44,316	\$362,786	\$66,917	\$244,312	\$51,557	\$1.16
91X	9,077	\$79,988	\$13,706	\$55,011	\$11,271	\$1.24
20	282,499	\$815,557	\$426,574		\$388,982	\$1.38
605	17,008	\$49,261	\$25,682		\$23,579	\$1.39
35	87,045	\$896,012	\$131,438	\$640,161	\$124,414	\$1.43
10	249,890	\$770,033	\$377,334		\$392,699	\$1.57
310	34,037	\$107,204	\$51,397		\$55,807	\$1.64
611	9,216	\$29,339	\$13,917		\$15,423	\$1.67
314	60,877	\$209,899	\$91,925		\$117,974	\$1.94
614	8,683	\$30,194	\$13,111		\$17,082	\$1.97
4	231,578	\$595,637	\$0	\$138,824	\$456,813	\$1.97
623	8,813	\$31,836	\$13,308		\$18,528	\$2.10
615	4,549	\$17,508	\$6,869		\$10,639	\$2.34
602	24,195	\$98,355	\$36,535		\$61,820	\$2.56
619	4,065	\$17,541	\$6,139		\$11,402	\$2.80
601	21,013	\$93,682	\$31,729		\$61,953	\$2.95
320	19,525	\$87,757	\$29,483		\$58,273	\$2.98
11	75,333	\$341,515	\$113,753		\$227,762	\$3.02
15	119,247	\$595,075	\$180,063		\$415,012	\$3.48
612	5,544	\$29,111	\$8,372		\$20,739	\$3.74
636	15,730	\$86,530	\$23,752		\$62,778	\$3.99
606	51,171	\$284,327	\$77,268		\$207,059	\$4.05
622	5,155	\$28,929	\$7,784		\$21,145	\$4.10
311	20,711	\$124,283	\$31,273		\$93,010	\$4.49
17	55,546	\$340,120	\$83,875		\$256,245	\$4.61
1	92,552	\$481,897	\$221		\$481,676	\$5.20
6	106,432	\$733,129	\$160,713		\$572,416	\$5.38
625	7,125	\$49,169	\$10,759		\$38,410	\$5.39
21	151,734	\$1,078,575	\$229,119		\$849,456	\$5.60
321	22,162	\$165,467	\$33,465		\$132,002	\$5.96
19	35,258	\$264,998	\$53,239		\$211,758	\$6.01
6 (Weekend)	11,133	\$85,774	\$16,811		\$68,963	\$6.19
315	6,343	\$53,071	\$9,577		\$43,494	\$6.86
28	71,106	\$621,295	\$107,370		\$513,924	\$7.23
609	2,159	\$19,080	\$3,259		\$15,821	\$7.33
301	7,094	\$69,173	\$10,712		\$58,461	\$8.24
616	3,443	\$34,129	\$5,199		\$28,930	\$8.40
635	2,854	\$28,343	\$4,309		\$24,034	\$8.42
608	2,636	\$27,232	\$3,981		\$23,251	\$8.82
36	61,109	\$653,302	\$92,275		\$561,027	\$9.18
7	56,936	\$662,043	\$85,974		\$576,069	\$10.12
5	15,724	\$191,284	\$23,744		\$167,540	\$10.65
603	4,133	\$51,723	\$6,240		\$45,483	\$11.01
626	4,937	\$61,886	\$7,455		\$54,431	\$11.03
610	2,740	\$34,780	\$4,137		\$30,643	\$11.19
2	15,246	\$206,207	\$23,022		\$183,186	\$12.02
25	14,188	\$232,729	\$21,423		\$211,306	\$14.89
GRAND TOTAL	3,166,932	\$18,281,820	\$4,060,911	\$5,762,317	\$8,458,592	\$2.67