What is Public Transit’s Business Model?

SPUR Oakland
July 31, 2018
A quick introduction

• The SFMTA has oversight over the Municipal Railway (Muni) public transit as well bicycling, paratransit, parking, traffic, walking, and taxis

• We’re well-positioned to influence most ground transportation modes in the City in an effort to advance the Agency’s goals

• Given the panel subject, I’ll focus primarily on Muni specifically for today’s panel

• The opinions expressed today are those of the presenter and do not necessarily reflect...
Our de facto business model to date

• In the past, outside of private autos, we faced minimal competition from less sustainable modes of transportation

• While operating without much competition for core customers we were (and still are) focused on delivering transit service that is constant, practical, economical, and everywhere
  • Fairly priced and ubiquitous - riders can get anywhere in the City
Trends – Muni service hours delivered

- FY 10
- FY 11
- FY 12
- FY 13
- FY 14
- FY 15
- FY 16
- FY 17

Service hours delivered:
- 100,000
- 150,000
- 200,000
- 250,000
- 300,000
- 350,000
Trends – Muni customer survey

Low rating / high impact opportunities for improvement

• Reliability / on-time performance
• Frequency of service
• Trips take a reasonable amount of time
Trends – Muni customer satisfaction
% rating Muni service as excellent or good

Trends – Annual Muni ridership
Trends – Muni farebox recovery ratio

Operating expenses covered by fares

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Trends – % of trips by non-private autos in SF
The landscape has changed

- More on-demand options—both complementary and not complementary to our Agency’s goals
- Increased telecommuting has had some impact on demand for transit services
Mindful of these factors, we recently launched our new strategic plan

• **Vision:** Excellent transportation choices for San Francisco
  • *Prior vision:* San Francisco: great city, excellent transportation choices

• **Mission:** We connect San Francisco through a safe, equitable, and sustainable transportation system.
  • *Prior mission:* We work together to plan, build, operate, regulate, and maintain the transportation network, with our partners, to connect communities.
So, what’s our business model going forward?

• What do our customers value?
• Where can we lead?
• Where can we match our competitors?
• Where will we struggle or not compete?
What do our customers value?

- On-time and reliable
- Frequent
- Reasonable travel time
Where can we lead?

- Cost to customer
- Equity
- Safety
- Environmental impact
- Being “Uniquely San Francisco”
Where can we match our competitors?

- Frictionless payment
- Real-time info
- Coverage
- Speed (sometimes)
- Cleanliness
Where we will struggle or not compete?

- Door-to-door service / speed
- Exclusivity / privacy
- Free bottled water and Jolly Ranchers
So, what is our business model looking forward?

• We have a duty to connect San Francisco through a safe, equitable, and sustainable transportation system
  • This includes our commitment to provide constant, practical, and economical transit service throughout the City, and also to implement policies such as Transit First

• We must recruit and retain more discretionary/choice riders to use Muni and complementary modes through improvements, innovations, and new products
  • Day passes
  • Mobile payment/trip planning/customer information
  • Speed/reliability improvements
  • Partnerships with sustainable transportation providers
  • Other areas?
Thank you.

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