A BETTER FUTURE FOR BAY AREA TRANSIT

Nine Ways to Deliver Better Transit Service, Control Costs and Attract More Riders.

SPUR DISCUSSION PAPER

Developed, debated and reviewed by SPUR’s Transportation Policy Board.

Released March 8, 2012

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INTRODUCTION

Every weekday, Bay Area residents and visitors take more than 1.4 million trips on one of 27 different public transit operators. (In contrast there are more than 17 million daily automobile trips in the region.) Our regional transit network carries one in 10 people to work. Seven of the operators transport 93 percent of the passengers, and the remaining 20 serve a critical need in the less populated communities, as well as providing key access to the major systems.

It costs more than $2.2 billion to operate these 27 transit systems each year, and close to $2 billion of that to operate the “Big Seven” (Muni, BART, AC Transit, Valley Transportation Authority, SamTrans, Caltrain and Golden Gate). More than $700 million comes from fares and $1.5 billion as a direct subsidy from a variety of sources (sales taxes, federal funds, state gas tax revenues).

By 2035, these systems will face a combined $17 billion capital deficit and an $8 billion operating deficit.

Why? In recent years, the costs of running these transit systems have increased far faster than inflation, even as ridership on some bus systems has declined. About 14,000 people work full time for the region’s public transit systems. Wages and fringe benefits account for more than three quarters of the operating and maintenance costs of transit, and the cost of fringe benefits in particular is rising fast. At the same time, budget shortfalls, unpredictable revenues and service cuts are degrading the quality of public transportation. Transit systems face competition from an underpriced alternative — driving — and often operate in low density and auto-oriented environments that are not conducive to growing ridership.

Unless there are some changes to costs and revenues, corresponding improvements in service and regional efforts to appropriately price driving, the viability of transit in the Bay Area is at risk. With rising gas prices, mounting concerns about climate change and a growing population, the need for transit is greater than ever. Recognizing this looming crisis, the Metropolitan Transportation Commission — the regional agency that funds transportation and invests nearly $600 million a year in the Big Seven agencies — launched the Transit Sustainability Project (TSP), a project to identify policies that control costs, improve service and increase ridership.

At its most basic level, the goal of the TSP is to highlight the challenges facing Bay Area transit and propose solutions that will set it on a more sustainable course that stabilizes finances and improves service. The fixes would include controlling the rapidly rising cost of running the Bay Area’s buses and trains, as well as restructuring the types of service offered. In short, the Bay Area cannot remain economically competitive, nor meet its goals of cutting greenhouse gas emissions, without a transit system that does a better job of getting people where they need to go in a cost-effective and efficient manner. As the demand for transit grows in the future, the Bay Area must be able to offer the quality and quantity of service that can attract discretionary travel. This means service that is not overcrowded, comes frequently, operates reliably and runs both during commute hours and off-peak times. While we have been investing more in our transit system, many think transit investments are still too low relative to investments in regional roadways, which often induce more driving. In addition, some of our new investment in transit is quite simply not resulting in better service. This has to change.

We recognize the difficult challenge of running transit in the Bay Area. Transit operators, managers and boards are delivering an essential service that is both a social good and a business. Transit competes with automobiles for riders, investment and street space. And the costs to operate transit are high and rising.

Some have argued that the Transit Sustainability Project should require transit operators to reduce overall costs by a specific amount over a set period time or risk cuts to their funding. MTC has proposed a 5 percent reduction in operating costs per hour over a five-year period but has yet to identify sanctions for
operators who fail to achieve those cost savings. This discussion paper is in part premised on the argument that there should not be sanctions against transit operators who do not reduce costs. We do not think it makes sense to punish struggling systems that are not able to control costs by cutting off further funds. Nor do we think that target cost cutting without the threat of sanctions would be effective.

Instead, we are interested in changing the overall incentives and competitive environment for transit. The proposals in this discussion paper seek to change those incentives and offer nine suggestions to make it happen.

**WHAT DOES THE TRANSIT SUSTAINABILITY PROJECT TELL US ABOUT BAY AREA TRANSIT?**

The TSP made five important findings about cost and service delivery of Bay Area transit.

**Finding 1: Costs are increasing faster than inflation.**

Unit costs — what it costs to operate a bus or train for one hour — are increasing at almost twice the rate of inflation for most operators. In the 14-year period from 1996 to 2010, Muni’s diesel bus unit costs increased from $92 to about $170 (an 86 percent increase). Over that time period, Muni’s trolley costs increased from $73 to $155 (a 111 percent increase). By way of comparison, the Consumer Price Index (CPI) increased only 39 percent during this period. Among Bay Area transit operators, only Caltrain’s unit costs were lower when adjusted for inflation (20 percent), and BART’s were close to CPI (about 45 percent). In contrast, other big-city operators have had cost increases less than inflation. For example, Los Angeles Metropolitan Transportation Authority bus costs have increased by only 29 percent during this 15-year period.

**FIGURE 1:**

The cost to operate most Bay Area transit is rising far faster than inflation

![Inflation-Adjusted Change in Transit Vehicle Unit Costs (1996-2010)]
If costs had grown in line with inflation, Muni would now have an extra $156 million more per year, and AC Transit would have $86 million. These savings equate to as much as one fifth of the entire operating budget. Maintaining greater control of cost inflation is vital to delivering a viable regional transit system.

Many of these unit cost increases are the result of soaring pension and retirement costs; increases in health care premiums; excessive overtime and absenteeism, which inflates workforce needs; and work rules that negatively affect productivity but do little to improve the working environment. While BART, Muni, AC Transit and other agencies have taken steps to freeze wages and modify work rules, there is still significant work to do.

**Finding 2: Increases in productivity are not sufficient to match cost increases.**

Increases in unit cost are not compensated by corresponding increases in productivity (measured in total passengers, passengers per hour or passengers per mile). In fact, in many cases — passengers per hour, for example — productivity has declined.

In terms of overall transit service, the levels of service in the Bay Area are either about where they were or slightly above where they were in the mid 1990s.¹ Interestingly, the transit systems with the greatest increase in service (BART, Caltrain and Valley Transportation Authority light rail) tended to keep their unit cost increases closest to inflation.

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¹ The only transit system with fewer hours of overall service in 2010 relative to 1996 was Golden Gate Transit, with a 19 percent drop. While Muni trolley coaches and Valley Transportation Authority buses had slight declines in service hours (5 and 2 percent respectively), light rail on both systems compensated with significant increases.
The productivity trends also reflect real and difficult decisions facing agencies. For several agencies, the rise in costs and decline in ridership reflect policy decisions to either continue very slow and circuitous routes through neighborhoods or run transit on suburban arterials that do not give transit priority over other vehicles. The overall effect becomes slower services carrying fewer people per hour of service. Policy has favored service coverage, rather than service effectiveness. While SPUR understands that transit operators must address conflicting demands, in an urban region facing fiscal challenges, limited tax dollars should favor service effectiveness.

Service cuts are sometimes pursued to “improve” productivity by forcing riders onto fewer and less frequent vehicles. Ironically, the cumulative effect of these service cuts may actually be lower productivity. Many portions of the Bay Area transit network can no longer attract riders who have other travel choices because service cuts have resulted in overcrowding, infrequent service with limited operating hours and inconvenient transfer connections. As a result, many riders have abandoned the system, resulting in a downward spiral of declining ridership, less fare revenue, lower productivity and more service cuts. Between 2000 and 2010, for example, Valley Transportation Authority cut bus service hours by 18 percent but bus ridership fell by 32 percent, resulting in a decline in passengers per hour from 31 to 26.
Moreover, when instituting service cuts, the tendency is to preserve peak service while reducing off-peak service. Not only does this reduce the overall usability of the transit system for general purposes, but a higher peak to off-peak service ratio can also increase unit costs. Peak-only trips involve more deadheading (non-revenue movement to and from the garage). Furthermore, operators are usually guaranteed full pay even if they work fewer than eight hours, and contracts often pay spread premiums (additional pay) for long hours between start and end times.

Finding 3: Transit speeds are declining, which further exacerbates cost and productivity issues.

As the cost to provide an hour of service has increased, the number of miles that hour can deliver (and the number of trips a bus can make in a day) have declined. Buses and light rail operate in mixed traffic, which means that traffic increases and congestion have very real impacts on transit speeds. And slower service means either reducing service or significantly increasing costs in order to maintain the same service. Additionally, lack of regional policies that address parking supply and overall car ownership levels further exacerbates traffic congestion, and thus transit speed.

Among regional operators, Muni averages 8 miles per hour (8.6 for diesel buses and 6.6 for trolley coaches), AC Transit 10 miles per hour, SamTrans 12 and Valley Transportation Authority 14. Over the last 15 years, speeds have dropped about seven percent. If the Muni trolley coach system average speed increased by just one mile per hour, Muni would save about $19 million annually without any service decrease. While making the buses go faster does save money, some of these savings would end up covering additional service for new passengers attracted by faster speeds.

![Average speeds are declining for most operators](image)
If an entire bus route normally takes 40 minutes and slows to 44 minutes, it means a single operator can only make 10 one-way trips a day instead of 11. So in order to maintain the same level of service, the agency must put additional buses on the road, which increases costs. It will be difficult to either increase service or hold operating costs steady if transit speeds continue to slow.

**Finding 4: There is no single factor causing these inefficiencies in transit operations.**

Many parties are responsible for the inefficiency of local transit operations.

Transit agencies in the Bay Area have very different funding and policy structures, and this is reflected in the patchwork nature of the transit system. The lack of coordinated routes, fares and services provides great barriers to the transit customer. There is no a common agenda or set of priorities, which has resulted in inequitable distribution of transit services. The industry is overly hierarchical and not sufficiently committed to customer service. And, as noted above, the transit industry has not done enough to control the rise in unit costs.

Recent contract negotiations at AC Transit, BART and the SFMTA reflect steps in the right direction. But both management and labor need to continue to work together toward sustainable compensation models that will enable transit agencies to expand service and improve ridership while providing employment opportunities.

Cities too often harm transit by not giving sufficient dedicated space in the streets for buses to operate efficiently. Land-use decisions are generally at odds with transit productivity. There is also a general misunderstanding of the role of transit in city economic development goals. Put simply, transit in the inner Bay Area provides economic opportunities for residents that would not be possible without it.

Finally, funding agencies and policy bodies continue to select poor transit investments that either result in less-than-expected ridership or actually reduce overall ridership growth through migration from more cost-effective to less cost-effective service. For example, political decisions mandate transit routes, stop locations and spacing. These decisions often make little economic or operational sense. Lastly, lack of attention to regional parking pricing and automobile ownership contribute to the inability of transit to compete with automobiles.

On a regional scale, performance analysis comparing improvements to the existing system versus expansion in under-performing areas does not always lead to good decisions. For example, decisions to expand transit lines can harm transit efficiencies over time. Meanwhile, investments to expand highway and road improvements are at odds with smart growth investments supported by transit.

**Finding 5: Sales tax revenues have remained stagnant while fare revenues have increased.**

Between 1997 and 2009, sales tax revenues — a key source of operating and capital transit funding for many systems — have been flat in real terms. On a per capita basis, these revenues have been declining as the population has increased. Moreover, these revenues increase and decline based on the strength of the economy. This volatility and declining purchasing power on a per capita basis have intensified the financial issues facing Bay Area transit agencies.

In contrast, fare revenues have increased cumulatively from 1997 to 2009 by 30 percent, or 2.4 percent annually. Bay Area transit agencies have been increasing fares substantially compared to other transit agencies around the nation to offset other declining sources of funding. The base fare in the Bay Area is higher than almost every transit agency in the nation.
RECOMMENDATIONS FOR IMPROVING TRANSIT IN THE REGION

Given these findings, there are three key goals to improve transit in the Bay Area:

- Goal 1: Increase ridership
- Goal 2: Improve service for riders
- Goal 3: Contain costs

These three goals are interrelated. Better service will likely lead to more riders. Containing costs allow agencies to use savings towards more or better service. At the same time, more riders could lead to more transit crowding (this is primarily a concern for Muni and to a lesser extent BART). Crowded buses or trains may have a negative impact on riders and service quality. Additionally, as long as the region does not address parking supply, parking pricing and automobile ownership costs in a coherent manner, transit will not be able compete effectively with automobile trips. Achieving these goals requires acknowledging such tradeoffs and making tough choices about how to move forward. The following recommendations attempt to balance these considerations. Ultimately, it is up to policy makers to balance conflicting goals and take responsibility for a direction that most improves transit.

The following are the SPUR Transportation Policy Board’s recommendations for implementing the Transit Sustainability Project. These nine recommendations are designed to respond to the key findings of the TSP while meeting the above goals.

**Recommendation 1. Restructure regional transit funding and pay transit operators a “bounty” per passenger for any new riders over a defined baseline.**

Too few people in the Bay Area take transit. One in 10 take transit to work, and the ratio is far worse for all other trips. While much of the low ridership has to do with decentralized land-use patterns, there are many would-be riders who would take transit if service were better. We need to use the power of the purse strings to create an incentive to grow ridership in the most cost-effective way possible, particularly with transit funding from MTC.

Traditionally, transit receives funding from MTC based on a historical allocation. While agencies need the certainty of funding streams to conduct long-term planning, there is no built-in mechanism to encourage ridership growth in the current distribution of funds.

What if we funded transit operations in way that creates an incentive for operators to make the most cost-effective improvements in service — which would then grow ridership and revenues for the operator? SPUR proposes distributing both new revenues (such as a potential regional gas tax) as well as some existing revenue streams by a formula based on growth in ridership.
Details:

- We propose that MTC establish a baseline of both funding and ridership for each agency, most likely based on 2008 passenger and MTC funding numbers.
- Then for any growth in passengers above that baseline, transit operators would be eligible for a per passenger subsidy. For example, if the bounty were $1 per new rider, an agency that increases ridership by 1 million trips in a year would get an additional $1 million from MTC.
- Because of differences between systems in average trip length, the bounty should acknowledge passenger miles as well as total passengers. For example, Muni carries riders just a few miles on average, while Golden Gate Transit or BART carry riders many more miles. The metric should weight the formula more toward passengers than passenger miles but should acknowledge the importance of regional services that carry passengers long distances.
- The Clipper Card and automatic passenger counters provide good measurement tools to standardize the raw counts that bounties would be based on. A proposed Regional Transit Analyst (described in Recommendation 5) would enact and audit operators to ensure compliance with the reporting standards.

Recommendation 2. Establish a regional fare policy that accounts for transfers between local and regional systems.

Today, if a passenger takes a local bus to a regional rail line, he or she will have to pay two full fares. The local bus fare will be a single price, while the regional fare is distance based. This penalizes people who may live closer to their destination but just beyond walking distance from regional rail. For example, someone who lives in West Berkeley and commutes to San Francisco’s Civic Center area might take a local bus to the North Berkeley BART station at a cost of $2.10 plus $3.70 for BART. In contrast, someone who lives several miles further away but within walking distance of El Cerrito BART only pays $3.90 for a longer transit trip.

For more than 30 years, the region has tried to enact regional fare policies in order to reduce the cost to passengers who use multiple transit operators. Examples such as the 25-cent discount on Muni for BART passengers reflect the lack of any meaningful fare policy for transferring customers. Overall, there is no single regional policy that determines how much a transfer should cost, if anything. Instead, there is an ad hoc system that ends up penalizing riders who are usually forced to pay the full fare for each system.

SPUR recommends that MTC establish a comprehensive regional fare policy. Such a policy could both address local fare prices for operators who receive MTC funds and establish a policy on discounting fares for those who transfer between systems. MTC’s 2008 regional fare study was an important first step, but it was never implemented.

One solution to the transfer issue would be to require regional transit carriers to pay a bounty to the local operators who deliver passengers to their systems. For example, if a local bus operator brings a passenger to a BART or Caltrain station and the passenger then gets on the train, a portion of the fare paid to the rail operator would go back to the local bus operator and the passenger would receive a discount on the total fare.
Details:

- The Clipper Card allows customers to seamlessly travel between operators.
- Clipper also allows for multi-operator discounts.
- The bounty would be based on the yield to the regional operator. For example, midday trips, which fill empty seats, might provide a higher bounty than a peak period trip, where capacity is limited.
- Depending on the size of the bounty, local operators might reduce their fare for transfers to the regional system because they would be better compensated by the bounty, especially if they end up carrying more passengers to the regional operator.

The end result could be better service to passengers, because the local agencies will financially benefit if they do the right thing — like coordinate schedules, adopt reasonable transfer tariffs and extend their span of service. Eager to earn the bounty, agencies will be pressed into passenger-friendly practices. No longer will the bus leave one minute before BART arrives, because that would cost the bus operator long-term riders and money. This bounty creates an incentive to local transit operators to think clearly about schedules and practices that ultimately mean more passengers.

Recommendation 3. Local operators should pay regional operators to accept their monthly passes for trips within their service area.

The region’s most successful effort at joint fare policy has been the BART-Muni Fast Pass, an adult Muni monthly pass that also allows unlimited BART access within San Francisco. Muni pays BART a per passenger fee, which is discounted from the BART fare. Unfortunately, due to a 17 percent increase in the amount that Muni must pay BART to take its passengers, as well as a sharp drop in funding sources, the SFMTA decided to implement a Muni-only pass while adding a $10 surcharge to the Fast Pass. The price differential between the two passes resulted in 15,000 fewer daily boardings on BART within San Francisco using the Fast Pass. (Although it should be noted that some former pass holders have continued to ride the BART system using regular BART tickets.)

Before this surcharge was enacted, the BART-Muni Fast Pass was hugely successful. Muni was able to reduce slow, somewhat duplicate service in the Mission corridor, and BART gained additional revenue. Passengers had faster, more direct and better quality service along the BART route for the same price as riding Muni. The cost per trip for Muni to pay BART to carry its passengers was about half of what it would have cost Muni to carry them itself. From a regional perspective, it makes most sense to put passengers onto the most cost-effective and efficient system when there is capacity. In most cases, as with the BART-Muni Fast Pass, it is also cheaper. We should not be charging passengers surcharges for a service approach that saves the transit system money.

SPUR proposes that local operators pay regional operators to accept monthly passengers and expand the original BART-Muni pass concept to other agencies, including AC Transit in the East Bay and SamTrans on the Peninsula. Over time, this policy should expand to address people who travel on a regional rail carrier across service boundaries. For example, there are many riders who take AC Transit to BART and then ride BART to San Francisco. The BART Plus pass was one attempt to deal with these types of riders, but the way it was structured financially put all the risk on bus agencies.
Details:

- Clipper is again the instrument for this monthly pass provision.
- Customers who purchase a monthly pass get access to BART (or Caltrain) within that local agency service area.
- The local agency pays the regional operator a bounty for each passenger who takes the regional system, based on the regional systems’ additional cost or marginal revenue or cost per seat mile.
- There should be a cap in charges to the local agencies based on an agreed upon formula between the agencies that is not subject to regional operator costs and fare increases.
- Customers would not be charged an additional price for riding on both the local and regional system.

Recommendation 4. Establish a Transit Performance Initiative — a new regional capital investment program for improving transit that becomes a part of future Regional Transportation Plans.

One of the things we need to make transit more efficient is a set of transit capital investments focused on improving operations. For example, a major problem that affects many transit operators has been lack of street and highway priority for transit vehicles. Municipalities often prioritize automobile trips over transit vehicles; these decisions can cost transit agencies tens of millions of dollars annually in lost productivity.

Spending capital dollars to create separated transit rights of way (such as median transitways or exclusive lanes outside the median area), transit signal priority, special signal phasing, queue jump and bypass lanes, curb extensions and other transit preferential treatments can make a real difference in vehicle operating speeds and system operating costs.

Transit priority measures are hotly contested by some cities, particularly if these steps require removing parking spaces or dedicating lanes to transit vehicles. The result is a patchwork of approaches within the same transit system — and sometimes even on the same bus line — as adjacent cities take different attitudes toward dedicating road space to transit. If our highway network offered this same experience, it would be unusable.

Fortunately, MTC is proposing precisely this type of investment. The commission’s Transit Performance Initiative is a $30 million pilot project of low-cost investments in “urban trunk” lines (those providing all-day service on major streets) that have frequent service (greater than 15 minute headways) and slow speeds (less than 15 miles per hour).

If this pilot proves successful, SPUR recommends expanding its scope and level of investment and further institutionalizing the Transit Performance Initiative into a major regional priority similar to the Freeway Performance Initiative.

Details:

- MTC should establish an ongoing way to fund low-cost investments in transit that have a major positive impact on service. In other words, the lessons of the TSP should be reflected in a profound way in the expenditure program of the RTP.
- This would happen through establishing an ongoing Transit Performance Initiative in future Regional Transportation Plans.
• The program would encompass transit system investments, changes to local streets and roads and transit-oriented freeway improvements.
• Eligible projects could include signal improvements, dedicated bus lanes, bulb outs, proof-of-payment programs and bus stop consolidation.
• Depending on the size of the program, it could also fund capital investments to speed transit.
• Cities (and Caltrans) would be provided with additional funds to develop and implement these programs. If a city used the funds in such a way as to slow transit speeds or harm it efficiency, it should be penalized through loss of future streets and roads funds (through the One Bay Area grant program) and loss of eligibility for a share of the Transit Performance Initiative funds.

Recommendation 5. Establish a set of comparative transit performance metrics and create a tenured, independent regional officer to collect and distribute this information.

There is already a lot of transit information out there on performance and costs. All agencies report data to federal and state entities. But the metrics are often not easily comparable, nor do they have a consistent method of data collection. Further, there is no office with tenure and structural independence whose sole focus is to track transit performance and provide objective input to transit boards throughout the region.

Just as we have a legislative analyst in Sacramento and San Francisco (and many cities have independent auditors), an independent transit analysis office would serve to both improve the public’s comprehension of the challenges facing transit systems and provide transit operators and their boards with clear information and independent analysis on how and where their particular system should improve.

The TSP did collect significant and comparable data. However, there is no means to continue data collection and peer-to-peer comparisons in an ongoing manner. While we recognize that data info in and of itself is not transformative, ongoing transparency and comparisons might improve decisions. In addition, the metrics should be presented in a way that connects to the goals of the TSP and the targets and policies set to achieve those goals.

SPUR recommends establishing both a set of comprehensive performance metrics as well as establishing a new independent office focused on collecting and distributing this information.

Details:

• All transit agencies in the Bay Area should include in their reports to state and federal sources several key metrics with which they can best judge change in their own performance, as well as how they measure up against other operators.

• These metrics could include the following:
  • Total riders
  • Percent of trips taken on transit
  • Service miles per capita
  • Operating costs per seat mile
  • Revenue per seat mile
  • Passengers per revenue vehicle hour
  • Passengers per revenue vehicle mile
  • Operating cost per passenger
  • Revenue vehicle hour per full-time employee
  • Farebox recovery
- Average speeds
- On time performance

The metrics would be gathered and reported by an independent Regional Transport Analyst. This position or office would collect these metrics, deliver the data in easy-to-understand reports and present them directly to individual transit agency boards. The reports would present information on the system’s performance relative to past performance as well as to peer agencies.

The Regional Transit Analyst would also provide independent analysis for agency budgets (just as the Legislative Analyst does for the Legislature during the state budget process), analysis of collective bargaining agreements and their implications on future service levels, and other major policy matters that the boards consider. In addition, the Regional Transit Analyst would be available to boards to provide financial and management audits as requested.

The Regional Transit Analyst is in the best position to propose specific metrics and mandate reporting of such metrics, with acceptance by MTC. This approach could both improve the public’s comprehension of the challenges facing transit systems and provide transit operators with clearer information on how and where their particular system should improve.

The Regional Transit Analyst would also be charged with monitoring and implementing the TSP based on the project’s goals and targets. Below is an example of how a matrix could be used to provide clarity for the public about how goals relate to metrics, targets and policies:

<table>
<thead>
<tr>
<th>Goals</th>
<th>Metrics</th>
<th>Target</th>
<th>Policy/Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow ridership</td>
<td>Total riders; Mode share</td>
<td>Note: Targets should be developed jointly with policy makers and operators.</td>
<td>Allow operators to pick up and drop off in each other’s territories</td>
</tr>
<tr>
<td></td>
<td>Average speeds; On time performance; Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>miles per capita</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve service</td>
<td>Cost per hour; Cost per seat mile; Cost</td>
<td>Transit Performance Initiative; Establish regional fare policy; Establish single regional transit map and brand</td>
<td></td>
</tr>
<tr>
<td></td>
<td>passenger; Revenue per seat mile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contain costs</td>
<td>Cost per hour; Cost per seat mile; Cost</td>
<td>Switch funding to a bounty per passenger; Establish threat of receivership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>passenger; Revenue per seat mile</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A Better Future for Bay Area Transit
**Recommendation 6: Allow transit operators to pick up and drop off passengers within each other’s service territories.**

Today, transit bus operators all have distinct service territories. These territories are monopolies to the extent that one operator cannot pick up or drop off passengers in a territory controlled by another. For example, while SamTrans and Golden Gate Transit run buses within San Francisco, they cannot pick up or drop off passengers within San Francisco unless they are transferring to another bus on their same system.

This approach maintains monopolies by individual agencies and provides no incentive for the most efficient operator to carry passengers where they need to go. There is also inconsistent application of this approach, since BART is allowed to carry passengers within San Francisco, for example, but Golden Gate and SamTrans are not. From the passenger’s perspective, more service is better, and the regional services are often operated within the city as limited or express services, which further differentiates them from other local transit services.

SPUR recommends allowing transit operators to pick up and drop off passengers in another operators’ service territory.

**Details:**

- Current state law makes it difficult for one operator to pick up and drop off passengers in another’s territory without the approval of the second agency’s board of directors.
- Given that it is unlikely to get several dozen boards of directors to vote to change this practice, MTC should make it a legislative priority to change it.
- With state approval, operators could pick up and drop off inside other territories, such as SamTrans taking customers from downtown San Francisco to elsewhere in San Francisco. Like some prior recommendations, this one attempts to make the most efficient use of the region’s more than 4,000 transit vehicles and treat transit as a regionwide public asset.

**Recommendation 7. Study joint service design and umbrella marketing for local transit operators in lieu of merging them.**

Given that there are 27 separate transit operators in the Bay Area, it might suggest that we merge some of these operators. While there are some operators that could and should be merged, a major finding of the TSP is that smaller agencies are perhaps the most financially efficient part of Bay Area transit. Their operating costs are about half of the larger, local agencies. As a result, there would be no financial advantage to merging these local operators with larger, more expensive agencies. There are some instances where merging could make sense, but some of the smaller operators were once merged and have separated for other reasons.

In lieu of merging existing independent transit operators, SPUR recommends instead establishing umbrella marketing and branding of transit in the Bay Area.

**Details:**

- This proposal would result in effect in a merger of service design and marketing functions among similar or neighboring agencies. Service design could be collective, while service delivery would continue to be local.
As an example, in Contra Costa and eastern Alameda Counties, Tri-Delta, CCCTA and LAVTA would continue to operate their buses individually as separate agencies, but the buses could all be branded identically and the routing and route numbering could be consistent. Scheduling, route planning and marketing would be handled collectively.

As another example, AC Transit could transfer its west Contra Costa service to WestCat, but WestCat would brand its buses as AC Transit (or a successor brand). Schedules and service planning would be combined.

To the public, this new umbrella marketing would make it appear that the 27 agencies had been combined into a smaller number of operators. In reality there might be more local operators — but also more responsive and lower-cost service delivery.

Recommendation 8: Produce a single transit map for the Bay Area to give the appearance of a single regional transit system.

While merging many of the Bay Area’s transit systems may be impractical and may not achieve significant cost savings, making the entire region feel more like a single system could achieve many of the same results. The Clipper Card is a significant step toward improved customer experience of the Bay Area as a single system. But customers still must piece together distinct maps and schedules when traveling between different systems. The BART map may show some Muni and Caltrain information, but not enough for passengers to effectively use these systems.

As recently as 2009, MTC published a transit map pamphlet for the Bay Area, but it has not been updated since. While the pamphlet contained small maps of all areas in the region, it did not provide any information on fares or service levels or sufficient legibility to help customers understand their transit options.

An effort to produce a new map should draw from best practices in Australia, Asia and Europe, where transit agencies often operate separately but provide the customer with a unified and branded public transit system of shared fares, maps, transit information and signage. Melbourne is considered one of the best practice regions for transit legibility. All modes are branded and integrated, even though the city has more than a dozen operators.

Details:

- MTC should update its transit identity including maps, information and other related marketing efforts for the Bay Area to highlight the most significant regional routes and provide enough information for travelers to identify how to get to major regional destinations.
- Given the size of the region, the new map would not entirely replace local maps. However, it would offer a common rendering of the region and provide an easier way for residents and visitors to travel on transit.

Recommendation 9. The legislature should authorize transit agency receivership for a transit agency that continuously fails to improve on its performance metrics.

The prior eight recommendations focus on incentives, transparency, investments and information clarity. But this may not be enough to change the decision making and outcomes that most affect riders. We think there is a role for outside oversight of transit, similar to what is done with failing school districts and
police departments. If a transit agency continually performs at unacceptable levels, its board could lose its authority.

MTC currently provides between $13 million and $80 million in both annual operating and capital funds to each of the Big Seven transit operators. MTC has proposed a target of 5 percent cost reductions for each transit operator and suggested that failure to meet this target could result in the loss of some portion of these funds in a future year.

While SPUR recognizes that there is a need for sticks as well as carrots in order to control costs, we do not think it is advisable to cut needed transit funds from the worst-performing agencies as this could result in a downward spiral of worsening transit service.

MTC argues that the 5 percent cost cut is less important as a threat to potentially cut off funds. Instead, the 5 percent target is more about establishing a process between MTC and transit operators for how to slow the growth in transit operating costs. SPUR recognizes this. However, many operators argue that they will not be able to achieve the 5 percent cost cut. Further, MTC has yet to identify specific sanctions for operators who fail to meet the target. If the target lacks sanctions, it will be ineffective. If it includes sanctions, it will punish the operators who need the most help. Moreover, the impact of cutting MTC funds will primarily harm riders — and it could lead to the downward spiral of worse service and fewer riders.

SPUR recommends focusing instead on threatening independent transit systems with a receivership if they consistently are failing in their performance. This approach is different from threatening to cut funding. The difference is about ridership and who pays when the operators do not succeed. Our proposal is to keep the threat of takeover alive by focusing on the loss of power by the boards, not the loss of service for customers through funding cuts.

Details:

- Agencies report on metrics on an annual basis. These metrics should be summarized and analyzed by the proposed Regional Transit Analyst.
- Operators that are not successful in improving on a substantial number of the metrics are under the threat of takeover.
- The stick to operators is the potential change in management and the potential for a transit agency to go into receivership, as is done with school districts.
- A transit agency could refuse this loss of autonomy by opting out of any discretionary MTC funds.

It makes no sense to punish passengers for a poorly performing transit organization. Instead, management — including agency boards — should be held accountable.
CONCLUSION

The TSP has exposed both pleasant surprises and flaws in the Bay Area’s transit operators. While the situation is dire, it is not irreversible. To get the Bay Area’s $1.5 billion in annual transit taxes to produce better results requires much greater transparency, more direct and accountable financial incentives and better consistency in policy across agencies and jurisdictions. These are not revolutionary concepts — in fact, they are the basis of all democratic systems. But as with any change, first we need to acknowledge the need to change. SPUR passionately believes that constructive change will lead to a better transit system and a better Bay Area.