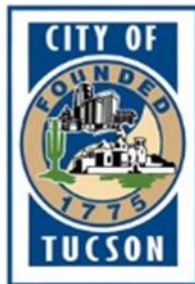


Alternative Transit Management Models

Agency and Service Delivery Options

October 25, 2016

City Manager's
Transit Stakeholder Advisory Group



Alternative Transit Management Models
Agency and Service Delivery Options

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Advisory Group Listing

<u>Stakeholder Group</u>	<u>Representative</u>
City of Tucson Transit Task Force	Margot Garcia City of Tucson Transit Task Force, Chair mgarcia@vcu.edu
Friends of Streetcar	Steve Farley, Arizona State Representative Friends of Streetcar Representative sfarley@igc.org
Pima Association of Governments/Regional Public Transportation Authority	Jim Degrood PAG Transportation Services Director jdegrood@pagnet.org
Ratp Dev McDonald Transit (RDMT)	Steve Bethel General Manager, Sun Link Streetcar Steve.bethel@tucsonaz.gov
Southern Arizona Transit Advocates	Gene Caywood caywoodgm@juno.com
Teamsters Local 104	Andrew Marshall Secretary Treasurer, Teamsters Local 104 andrew.marshall@teamsterslocal104.com
Transdev	Duane Eskierka Senior Vice President, Operations, Transdev Duane.eskierka@transdev.com
Tucson Bus Riders Union	Brian Flagg casamariatucson@yahoo.com
Tucson Hispanic Chamber of Commerce	Telma Cardenas Public Policy Assistant, Tucson Hispanic Chamber of Commerce telma@tucsonhispanicchamber.org
Tucson Metro Chamber	Robert Medler Vice President, Tucson Metro Chamber of Commerce rmedler@tucsonchamber.org
University of Arizona	David Heineking Executive Director, Parking and Transportation Services heinekin@email.arizona.edu

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Stakeholder Group Purpose

Provide input and advice to the City Manager's Office on alternative transit management models based on the following Mayor and Council direction to staff in October 2015:

Engage the Pima Association of Governments (PAG) and other relevant stakeholders to examine alternative actions and improvements to support the long-term sustainability of the transit system to meet the needs of the community.

Agency Options - Additional Supplemental Information

At the October 4, 2016 meeting, the stakeholder group reviewed and discussed supplemental information regarding potential agency management options. During the group discussion, the following additional supplemental information was requested:

- *Tucson Public Housing Authority Model.* Based on Arizona Revised Statutes 36-1404, the City of Tucson has established a public housing authority to develop and operate housing programs for low-income families. The Housing Authority is federally funded with strict program guidelines. Based on this information, it does appear that the Housing Model is an applicable model for transit. Additional information about the Housing Authority is shown in Attachment A.
- *Capital Metro StarTran Model.* StarTran Inc., a private non-profit, was created by Austin, Texas transit authority, Capital Metro, in 1991 to address the conflict between state labor law, which prohibits a governmental entity from collective bargaining, and federal labor law, which conditions the receipt of federal funds by a transit authority on the continuation of existing collective bargaining rights of employees. As a subsidiary of Capital Metro, StarTran, provided operation management services for the majority of Capital Metro fixed-routes operation and managed Capital Metro union workers.

In 2011, a state legislative commission completed a review of Capital Metro and recommended that Capital Metro competitively bid out its transit services. In 2012, Capital Metro approved two contracts to replace the StarTran subsidiary services. Attachment B provides additional information on the state legislative report and actions taken by Capital Metro.

The City Attorney's Office has been asked to provide a legal opinion on the ability of the City to form a subsidiary non-profit to manage its transit services.

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- In-House City Management.* Similarly, the City Attorney’s Office has been asked to provide a legal opinion on the ability of the City to directly manage transit service with the transit employees still being under Sun Tran, Sun Van or Sun Link corporations.
- Combined Costs for Transit Services in Tucson Area.* A request was made to provide the combined costs for transit services in the Tucson area for all agencies managing transit services (City of Tucson, Regional Transportation Authority (RTA) and Town of Oro Valley). Transit funding from other agencies in the Tucson region (e.g. Pima County, Marana, South Tucson) is provided via the RTA. The costs by agency (less RTA) and number of employees at each agency are shown as follows:

Fiscal Year 2016 Actual Transit Costs

City of Tucson			
	Contractors		
	Sun Tran		\$358,079.04
	Sun Van		\$182,536.04
	Sun Link		\$787,922.00
	Expenses		
	Sun Tran / Van		\$86,591,069.00
	Sun Link		\$4,525,000.00
	Employees		
	Administration		\$462,983.48
		Total	\$92,907,589.56
Oro Valley			
	Contractors		
	None		\$0.00
	Expenses		
	Transit		\$375,349.74
	Employees		
	Administration		\$249,328.00
	Drivers		\$564,492.00
		Total	\$1,189,169.74

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Fiscal Year 2016 Actual Transit Costs

RTA			
	Contractors		
	Total Transit (Sun Shuttle)		\$6,723,788
	Ajo Transit		\$507,212
	Expenses		
	Sun Tran	Included in COT	
	Sun Van	Included in COT	
	Sun Link	Included in COT	
	Sun Express	Included in COT	
	Employees		
	Administration		\$250,000
	Total		\$7,480,999.99
	Grand Total		\$101,577,759.29

Agency Staffs

City of Tucson Staff	
Transportation Administrator	1
Transit Services Coordinator	2
Transportation Eligibility Specialist	2
Total Employees	5
Oro Valley Staff	
Reservationist	
Dispatchers/Schedulers	
Transit Specialists	
Crew Leaders	
Driver	
Average Number of Employees	56
RTA Staff Count	
Transit Services Administrator	1
Senior Transportation Planner	1
Other Staff (Approximately 2 FTE)	2
Total Employees	4

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Current Management Contracts – Supplemental Information

The stakeholder group also reviewed supplemental information regarding service delivery options and the current management contract. Assuming the City continues with the transit management service delivery model for a period of time, staff offered to provide potential performance indicators.

- *Additional Potential Performance Indicators.* The stakeholder group requested information on potential performance indicators for increasing ridership, tracking customer satisfaction with the transit services and ensuring the proper maintenance of assets (fleet and facilities). Staff recommends that potential performance indicators have the following features:
 - The contractor has the ability to largely control the performance indicator.
 - The indicator should be easily tracked and analyzed.
 - Performance goals for each indicator should be realistic and achievable.
 - Incentives for exceeding performance goals should be balanced with disincentives for not achieving goals.

The following potential performance indicators were developed for evaluating the management of Sun Tran services. Comparable performance indicators with goals and incentives would need to be developed for Sun Van and Sun Link.

- *Increasing Ridership.* Based on national research utilizing quantitative analysis, transit ridership is most influenced by the availability of transit service, the frequency of the transit service and the safety of transit system¹. National customer surveys show that people most value frequent and reliable transit with reduced travel times².

Based on this research and taking into account factors which can be largely controlled by the contractor, the following potential performance indicators would encourage the management contractor to focus on increasing ridership by ensuring on-time performance (service reliability) and reducing preventable accidents (safety):

- Monthly On-time Performance

On-time Performance %	Incentive	Disincentive
>94.00%	\$500	N/A
92.00% - 94.00%	\$250	N/A
91.00% - 91.99%	Goal	Goal

¹ *Investigating the Determining Factors for Transit Travel Demand by Bus Mode in US Metropolitan Statistical Areas*, Mineta Transportation Institute, May 2015

² *Who's On Board 2016: What Today's Riders Teach Us About Transit That Works*, TransitCenter

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On-time Performance %	Incentive	Disincentive
88.00% - 90.99%	N/A	-\$500

- Monthly Preventable Accidents

Accidents/Injuries per 100,000 Miles	Incentive	Disincentive
<0.30	\$500	N/A
0.30 – 0.44	\$250	N/A
0.45 – 0.54	\$100	N/A
0.55 – 0.60	Goal	Goal
0.61 – 0.70	N/A	-\$250
>0.70	N/A	-\$500

In addition to the above performance indicators, the management contractor would be expected to:

- Identify ways to increase the number of routes in the frequent transit network system.
- Identify ways to reduce travel time.
- *Customer Satisfaction.* An important element of increasing ridership is ensuring that riders who use the transit service are contented with the services and intend to continue using the service. Staff is suggesting that there be two potential performance indicators related to customer satisfaction. The first indicator, number of valid complaints, which indicates the level of dissatisfaction with the services, is currently tracked and monitored. A second indicator of customer satisfaction based on rider surveys is not yet available and would need to be developed in order to establish performance goals.

- Number of Valid Complaints (Monthly)

Complaints per 100,000 Boardings	Incentive	Disincentive
0.00 – 1.00	\$500	N/A
1.01 – 1.50	\$250	N/A
1.51 – 2.50	Goal	Goal
2.51 – 3.50	N/A	-\$250
>3.50	N/A	-\$500

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- Rider Satisfaction Surveys
 - Statically valid rider surveys could annually conducted to determine percent of satisfied (contented vs discontented) riders and areas of improvement.
 - Based on the results of the first survey, performance standards with incentives and disincentives could be developed.
- *Maintenance.* Fundamental to the operations and reliability of the transit system is the proper maintenance of transit assets. Under the Sun Tran/Sun Van Management contract, the contractor is directly responsible to the proper maintenance of the fleet and to a lesser extent, the operations and maintenance facilities, and transit centers. The responsibility of bus stop maintenance is under a contract with Advision.

Given the above, staff is suggesting two potential performance indicators related to maintenance. From a rider’s perspective, the lack of maintenance is most notable when buses have broken down while in service. A potential performance indicator for revenue miles between road calls. A second performance indicator, on-time performance of preventative maintenance, is currently in the management contract and is important to ensure the long-term longevity of transit assets.

- Monthly Revenue Miles Between Road Calls

Revenue Miles Between Road Calls	Incentive	Disincentive
>15,000	\$500	N/A
13,000 – 14,999	\$250	N/A
11,000 – 12,999	Goal	Goal
10,000 – 10,999	N/A	-\$250
<10,000	N/A	-\$500

- On-time performance, Preventative Maintenance Plans

On-time Performance %	Incentive	Disincentive
>94.00%	\$500	N/A
92.00% - 94.00%	\$250	N/A
90.00% - 91.99%	Goal	Goal
<89.99%	N/A	-\$500

- *Overall Contract Performance.* Sun Tran currently tracks S.M.A.R.T. (Specific, measurable, attainable, realistic, timely) goals for continual

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improvement in the Monthly Compliance Report (MCR). Of the nine SMART goals, three goals (Valid Customer Complaints per 100,000 Boardings, On-Time Performance and Preventable Accidents) could be contract performance indicators as described above. The remaining list of six S.M.A.R.T. goals are:

- Work Related Injuries
- Annual Ridership
- SunGO Usage
- Employee Turnover
- Unrecovered Warranty
- Citations

The remaining S.M.A.R.T. goal could be incorporated into one overall contract performance indicator with the following incentives and disincentives:

Annual S.M.A.R.T. Goals Achieved	Incentive	Disincentive
6	\$6,000	N/A
4-5	\$3,000	N/A
3	Goal	Goal
1-2	N/A	-\$3000
0	N/A	-\$6000

Draft Recommendations

The stakeholder group also asked staff to draft initial recommendations to the City Manager based on discussions during the two stakeholder group meetings. The following draft recommendations address agency options, service delivery options and include other related recommendations:

- *Agency Options Recommendation.* To provide the greatest opportunity for continued success of transit services in the Tucson region, the stakeholder group strongly supports and recommends the establishment of a regional transit authority. Of the agency options, the stakeholder group believes that the following two options (in order of preference) would best fit the needs of the community:
 - *Metropolitan Public Transit Authority (MPTA).* Under state law, the City of Tucson can approve establishment of an MPTA via City ordinance. As a public service corporation, the MPTA would have the powers needed to build and operate transit services; provides for an elected board; allows for other cities, towns or Pima County to become members of the authority;

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has proportional voting of member agencies within the MPTA service area, and has a dedicated funding source via property tax.

The MPTA, as a public utility, is subject to Arizona Corporation Commission (ACC) oversight. Specific regulations related to ACC oversight of an MPTA have not been defined. In addition, the state MPTA legislation, which was written in 1970 requires updating, such as enabling the MPTA to provide federally required paratransit (Sun Van) services.

- *Joint Powers.* As the second preferred agency option of the stakeholder group, the City of Tucson could work with another governmental agency such as RTA or Pima County to form a joint powers agency to build and operate transit services. The advantage of the Joint Powers agency is its' flexibility in defining its' governing board and by-laws. Funding of the agency would need to be addressed.

If the City is unable to make progress on the above two agency options, consideration could be given to addressing issues with the two remaining agency options:

- *RTA.* As the third preferred agency option of the stakeholder group, the City of Tucson could work with the RTA to transition its transit services to the RTA. The RTA has a portion of its dedicated sales tax funding set aside for transit. In addition, the RTA has the legislative powers needed to build and operate transit services. Issues related to RTA agency option include proportional voting on the RTA Board, the City's maintenance of effort, and the financial capacity of RTA to provide funding for transit.
- *City of Tucson.* The fourth preferred agency option of the stakeholder group is for the City of Tucson to continue to manage transit services. Under this option, a long-term sustainable funding source will be needed to alleviate pressures on the City's General Fund.

The above order of options reflects the stakeholder group's preference for the following agency features:

- An independent transit agency
- An agency governing board elected by voters
- Proportional voting on the transit governing board for member agencies
- A dedicated funding source for transit
- The ability for the agency to hire employees or contract services

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- *Service Delivery and Current Management Contract Recommendations.* The stakeholder group recommends that the agency managing transit services should have the flexibility to pursue all four options for service delivery:
 - Agency Performed
 - Service (O&M) Contract
 - Management Contract
 - Delegated Management or Public/Private Operating Partnership Contract

With regard to public/private partnerships (P3), the stakeholder group strongly recommends that P3 opportunities be explored for high capacity improvements such as streetcar extensions and bus rapid lines.

As the City pursues the establishment of a regional transit authority, the stakeholder group recommends that the City extend its management contract by modifying its performance indicators to include incentives for ridership, customer satisfaction and maintenance (to be modified based on group discussion on October 25).

- *Related Recommendations.* In addition to the above agency and service delivery option recommendations, the stakeholder group supports the following related recommendations:
 - Transportation funding should be addressed in the upcoming fiscal year budget. A variety of funding options such as regional sales tax, city-wide sales tax and district based fees should be explored. The funding could be used to support transportation services, such as roadway maintenance, and transit services, and transportation improvements such as sidewalks and bikeways. In addition, the portion of the fee revenue for transit services could be applied to any of the four agency management options.
 - The City should engage stakeholders in updating its transit marketing plan and commit additional resources toward the implementation of the expanded marketing plan.
 - If needed, pursue state legislative changes to refine agency legislation or service delivery options.