



January 12, 2017

To: Transit Committee
From: Darrell Johnson, Chief Executive Officer
Subject: OC Bus 360 Update and Next Steps

Overview

The Orange County Transportation Authority is implementing a comprehensive effort to reposition the bus system in response to changing market conditions. The overall strategy to improve transit service by examining it from many angles is an initiative named OC Bus 360. The goals are to reverse ridership declines, and increase ridership by reducing passenger travel times, improving travel speeds, and designing services to benefit existing customers and attract new customers. A status report on major OC Bus 360 elements is presented along with next steps.

Recommendation

Receive and file as an information item.

Background

To address continuing bus ridership declines, in 2015, the Board of Directors (Board) endorsed a comprehensive action plan, known as OC Bus 360. Specific actions to reverse ridership declines, and grow bus ridership were implemented over a year-long period. This effort included a comprehensive review of current and former rider perceptions, a peer review panel that reviewed the Orange County Transportation Authority's (OCTA) performance and plans, new branding and marketing tactics tied to rider needs, upgraded bus routes and services to better match demand and capacity, technology changes to improve the passenger experience, and pricing and other revenue changes to stimulate ridership and provide new funding. Extensive work was invested by OCTA divisions to implement the plan.

This work included:

- implementation of new bus routes that offered customers up to a 30 percent travel time improvement;
- redeployment of approximately 160,000 revenue vehicle hours to high-demand transit corridors in June and October 2016, one of the largest changes to bus service in OCTA's history;
- a 20 percent promotional discount on the one-day pass, which is used for approximately 36 percent of fixed-route boardings, and OCTA's first fare decrease of this magnitude;
- an award of 17 Measure M2 transit grants to local agencies, the largest number and amount of transit grant awards to local agencies;
- rollout of a systemwide mobile ticketing system, allowing passengers to directly purchase full fare media via smartphone in addition to in-store purchases;
- rollout of a new, real-time bus arrival smartphone app that has over 1.3 million uses by passengers, allowing customers to better plan trips and reduce wait times at bus stops;
- securing over \$7 million in grant funds for Bravo! buses, mobile ticketing equipment, and the day pass discount to reduce the need for local funds and partially offsetting revenue declines from ridership changes;
- distribution of 165,000 direct mailings and the implementation of 59 street team events, online marketing (display ads, social media, email), 100 outdoor and bus advertisements, and seven public meetings (service and fare-related), one of OCTA's most extensive outreach efforts related to bus service changes;
- Continue transition to contracted fixed-route operations per previous plans.

While marketing and promotional efforts will continue, the OC Bus 360 action plan is nearly complete, and several follow-up efforts will flow into 2017 (Attachment A).

Discussion

Most of the OC Bus 360 actions focused on improving travel time for passengers, implementing new rider-focused technologies, and promoting all these efforts. For example, new services, such as Bravo! and "Xpress" routes, offered better travel times on the bus, and more frequent service on other corridors decreased time waiting for a bus. The new real-time bus arrival information available to customers through mobile apps and texting also reduced wait time uncertainty for customers. The mobile ticketing application also decreased customer time used for buying passes at retail outlets, and the day pass discount helped incentivize more rides.

While it will take at least six months to evaluate longer-term benefits, early results indicate that these strategies have had a positive influence on ridership. Average weekday ridership for those routes that were improved is better than those routes that were not changed in June and October 2016, as summarized in the table below (Attachment B).

Route Type	November 2015 Average Weekday Boardings	November 2016 Average Weekday Boardings	Daily Change
Improved Service in June	22,257	22,343	86
Improved Service in October	10,836	10,666	(171)
Reduced Service in June	2,531	1,147	(1,384)
Reduced Service in October	10,839	8,118	(2,721)
No Change	95,376	88,456	(6,920)
Total	141,839	130,729	(11,110)

Unfortunately, ridership continued to decrease in fiscal year (FY) 2015-16, before the June and October service changes, and FY 2015-16 ended with ridership approximately eight percent below that of FY 2014-15, further reducing fare revenues and compounding OCTA's financial issues, as detailed in other reports. The recent, continued ridership drop appears to largely be the result of external factors that are also impacting other transit agencies in Southern California. External factors impacting bus ridership will vary by county and area, but may include employment changes from the great recession, high housing costs relative to household incomes, and the growth of competing travel modes. For example, between 2009 and 2015, Orange County's population increased by 4.7 percent, but driver licenses and car registrations were up by 9.9 percent and 16.9 percent, respectively, for the same period. Further, the cost of living in Orange County continues to be a challenge, given housing affordability. In 2015, an hourly wage of \$25.50/hour (\$53,040 annually) was needed to afford an average one-bedroom apartment in Orange County, which is well beyond the average hourly pay for most bus customers (Attachment C).

Keeping pace with these external factors presents new challenges to the bus system, and OCTA should be at the forefront in meeting these challenges. As a result, new options should be pursued for consideration for OC Bus 360. These new options will be further developed in the coming months, and may include more changes to the bus system, a few of which are outlined below.

- continue implementation of 15-minute peak period frequencies on high-demand corridors to retain and grow ridership;

- for routes that operate more frequently than 15 minutes, evaluate minor frequency changes (e.g., move from 12 to 15 minutes) to decrease capital requirements and shift resources to corridors that could benefit from additional frequency;
- implement more weekend service in high-demand areas to grow ridership and in response to changing employment patterns;
- replace lower-productivity StationLink service with private, shared-mobility services (e.g., transportation network companies and taxis) to reduce capital requirements;
- work with private, shared-mobility companies to replace traditional bus service in lower-demand areas of Orange County;
- evaluate opportunities to increase revenues (e.g., lease properties, etc.).

The service concepts listed above (and others) will be included in the countywide “OC Transit Vision” Transit Master Plan that is currently under development. The plan vision is to implement policies, programs, and investments resulting in a high-quality transit system that makes it easier and more desirable for people to use transit. A key, first deliverable is a “State of Transit” report for Orange County. This deliverable will complete the phrase “transit works best where...”, and provide a list of key factors that lead to a successful transit system now and in the future. The report will also describe the current and future conditions of transit in Orange County, identifying both positive elements, as well as areas of concern, and highlighting opportunities to improve transit quality and accessibility. The report is scheduled for Board review in early 2017 and will provide a foundation for the strategies that will be recommended in the OC Transit Vision. Finally, OCTA is retaining consultant assistance to evaluate other revenue-generating and cost reduction concepts that can help address revenue shortfalls in the future. This effort is planned for Board review by summer 2017.

Summary

OCTA implemented a comprehensive program through OC Bus 360 to retain and grow ridership. Early results are positive, and new strategies should be developed to address continuing ridership declines. The State of Transit Report will be provided in early 2017 and will serve as a starting point for a new Orange County transit vision.

Attachments

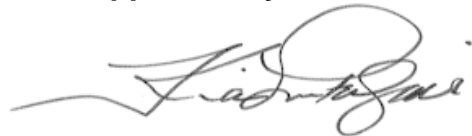
- A. 2017 OC Bus 360 Ridership Marketing Initiatives
- B. Before and After Weekday Ridership Comparison by Route
- C. External Factors Influencing Bus Ridership

Prepared by:



Kurt Brotcke
Director, Strategic Planning
(714) 560-5742

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741