



April 12, 2018

To: Transit Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: OC Bus 360° Update

Overview

The Orange County Transportation Authority is implementing a comprehensive effort to reconfigure transit services in response to changing market conditions. The goals are to address ridership declines by improving passenger travel times, and designing services to retain existing customers and attract new customers. A status report on major OC Bus 360° elements is presented for review.

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 (Plan), known as OC Bus 360°. 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 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: (1) implementation of new and faster bus routes; (2) redeployment of services in June and October 2016, and June and October 2017, to improve efficiencies and build ridership; (3) competitively-awarded grants to local agencies for transit services tailored to community needs; (4) a promotional fare; (5) rollout of new technologies, such as mobile ticketing and real-time bus arrival information; and (6) extensive marketing, public outreach, and promotional campaigns (Attachment A).

Discussion**National and Regional Ridership**

Nationwide, bus ridership is down 4.9 percent, comparing the third quarter calendar year 2017 to 2016. Regionally, ridership is also down on large Southern California bus systems operated by Long Beach Transit, Los Angeles County Metropolitan Transportation Authority, North County Transit District (San Diego), Omnitrans (San Bernardino), Riverside Transit, and others (Attachment B).

The Southern California Association of Governments (SCAG) and the Institute for Transportation Studies at the University of California Los Angeles (UCLA) recently completed a study of major factors impacting regional ridership. UCLA released findings in January 2018 that indicate an increase in vehicle ownership, particularly among those most likely to take transit, is a key factor contributing to the decline. Low fuel prices and the rise of transportation network companies (TNC), such as Uber and Lyft, have also been suggested as potential causes, but UCLA's research suggests weaker correlations with these factors. The SCAG/UCLA report will be presented as a separate item.

OC Bus 360° Ridership Changes

Despite regional and national trends, OC Bus 360° efforts are showing positive signs, especially considering the impacts of external factors. OCTA ridership declined by 3.7 percent comparing the third quarter of 2017 to 2016, but ridership on routes that were improved in October 2016 increased by 12.8 percent (comparing average weekday ridership February 2018 to February 2017). Monitoring these changes is critical to continuing success, and recent changes to the quarterly Transit Division Performance Measurements Report include additional monitoring methods and data.

Service Improvements

Keeping pace with external factors impacting ridership presents new challenges. For OCTA, ridership and fare revenue declines underscore the need for implementation of strategies to improve productivity and reduce costs. Improving productivity (boardings/revenue vehicle hour {B/RVH}) is now a key goal as part of OC Bus 360°. For example, between 2013 and 2017, B/RVH declined 22 percent.

The February 2018 bus service change, approved by the Board in October 2017, implemented major changes to improve productivity (Attachment C). Combined with prior bus service changes in fiscal year 2017-18, resources for traditional fixed-route bus service will decline by approximately 11,000 RVH that can be used to grow service in other markets through on-demand and other potential transit services.

On-Demand Transit and OC Flex

OCTA is seeking to gain greater experience working with technology companies to test on-demand software systems and transit service. These technology options allow users to obtain point-to-point rides through smart phone apps integrated with payment systems and service providers. While TNC may be part of future efforts, the Federal Transit Administration (FTA) has raised concerns with transit operators and TNCs in certain circumstances. The FTA's concerns relate to meeting specific requirements included in the Americans with Disabilities Act and other federal laws (Attachment D).

OCTA is pursuing two on-demand transit demonstration projects, known as OC Flex, to respond to the issues raised by the FTA. These demonstration projects will gather lessons learned for a future point-to-point element of the transit system. Transaction-level data collection will be a critical part of the project to evaluate performance, verify costs, and ensure that the system is scalable and secure.

The OCTA Board awarded a contract to a service provider on March 26 and is currently procuring vehicles for the OC Flex demonstration service. Service is anticipated to begin in summer 2018.

Other Technology Innovations

During the February 2018 bus service change, OCTA launched the use of electronic readers for mobile ticketing validation. Instead of riders visually validating their OC Bus mobile tickets to a coach operator, they will now be able to present a quick response code within their mobile ticket to an electronic reader located near the farebox. This eliminates the need for coach operators to visually inspect each mobile ticket that is presented to them during the boarding process.

With the electronic readers in place, OCTA will now look into future projects to integrate other types of fare media that can be validated on the fixed-route system.

Project V Services

Project V is a competitive program under Measure M2 for jurisdictions to develop local bus transit services, such as community-based circulators and shuttles that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. Numerous projects and services are being planned and implemented by local agencies. These include vanpool services from local employment centers to transportation hubs, special event and seasonal services that operate during heavy traffic periods, and local community circulators that carry passengers between various shopping, medical, and transportation-related centers. While some services have been cancelled due to low usage, other services are performing above the minimum performance standard.

Thirteen local agencies expressed interest in a Project V call for projects (call), with an emphasis on special event services. Given this interest, the Board authorized a \$12 million Project V call on February 12, 2018. Applications from local agencies were due on March 23, 2018, and programming recommendations are expected to be presented for Board review in June 2018.

New College Pass Program and Ongoing Promotions

Several strategic marketing programs have proven effective in attracting new riders and increasing ridership. In September 2017, OCTA launched the new three-year Santa Ana College Pilot Pass Program, which allows 49,000 students to ride free for the first year with funding from a Low Carbon Transit Operations Program grant. During the remaining two years, costs are covered by a low semester fee paid by the students. As of February 2018, 5,509 students have used the pass, generating 573,187 boardings, and contributing a ridership increase of approximately eight percent to the adjacent routes. According to a recent student pass user survey, 14 percent of the students who used the new pass have never ridden the bus before, and 77 percent who used the bus before are now riding more often with the new pass.

Since June 2016, OCTA has implemented “Ride the OC Bus” campaigns through online and traditional media to create awareness, enhance perception, and encourage trial usage. The campaigns target commuters, students, and recreational riders primarily in the core service area, which contains the most improved routes. To date, more than 25,000 people have responded to the campaigns’ calls to action; and more than half had not ridden the OC Bus in the past six months. Through email campaigns, 10,300 new riders indicated that they continue to ride OC Bus.

Summary

Elements of the OC Bus 360° Plan are proving successful, and new strategies are being pursued to improve productivity. These new strategies include fixed-route changes, new local services, testing new technologies, on-demand transit, and informing the public about these new efforts. A Project V call is also underway with programming recommendations for Board consideration in June 2018.

Attachments

- A. OC Bus 360 Update
- B. National, State, and Regional Transit Operator Ridership Trends
- C. February 2018 OC Bus Service Change
- D. Letter from Anthony R. Foxx, Secretary of Transportation, U.S. Department of Transportation, Dated December 5, 2016

Prepared by:

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

Approved by:

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