



November 9, 2017

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

Overview

The Orange County Transportation Authority is implementing a comprehensive effort to reposition the bus system in response to changing market conditions. The goals are to reverse ridership declines 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 for review.

Recommendation

Direct staff to request letters of interest from local agencies related to a future Project V call for projects, and return with an update in January 2018.

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 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 (Attachment A). This work included: (1) implementation of new 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,

including mobile ticketing and real-time bus arrival information; and (6) extensive marketing, public outreach, and promotional campaigns.

Discussion

National and Regional Ridership

Nationwide, bus ridership is down 4.2 percent, comparing the second quarter calendar year 2017 to 2016. Regionally, ridership is also down on bus systems operated by Long Beach Transit, Los Angeles County Metropolitan Transportation Authority, North County Transit District (San Diego), Norwalk Transit, 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) are working together to identify major external factors impacting regional ridership. In September 2017, UCLA released preliminary findings 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, increased driver licensing, and the rise of Transportation Network Companies (TCNs), such as Uber and Lyft, have also been suggested as potential causes, but UCLA research so far suggests these correlations are less clear. The SCAG/UCLA report is expected to be complete by December 2017, and will be included in subsequent OC Bus 360° and related updates.

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. While OCTA ridership declined by three percent comparing the second quarter of 2017 to 2016, ridership on routes that were improved in October 2016 increased by 19.6 percent (comparing average weekday ridership September 2017 to September 2016). As a result, continued investment in productive routes appears to be helping stem the ridership declines. Monitoring these changes is critical to continuing success, and recent changes to quarterly ridership reports include additional monitoring methods and data.

Continuing and New Strategies

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 2016, B/RVH declined 19 percent. The February 2018 bus service change, approved by the Board in October 2017, will implement major changes to improve productivity.

Combined with prior bus service changes in fiscal year (FY) 2017-18, resources for traditional fixed-route bus service will decline by approximately 15,000 RVH that can be used to grow service in other markets through on-demand and other potential transit services.

On-Demand Transit

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 TNCs 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 C).

OCTA is therefore pursuing two on-demand transit demonstration projects that would 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. Separate staff reports provide details on this overall effort.

Project V Services

Project V is a competitive program under Measure M2 for local 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 (Attachment D). 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.

Some local agencies have expressed interest in a future Project V call for projects (call) with an emphasis on special event services. Given this interest, staff recommends soliciting letters of interest from local agencies for a potential 2018 Project V call. Letters would be due to OCTA by December 1, 2017. OCTA is currently collecting updated performance data for all the current services, and a report will be provided to the Board in January 2018 that would also include information related to the proposed letters of interest.

Asset Scan

Finally, OCTA is underway with a comprehensive review of OCTA's physical assets for cost reduction strategies. This overall effort will present options for further cost-cutting efforts that go beyond major initiatives that have already been implemented (e.g., contracting more services, pension reform, fleet reduction, headquarters lease, lower contract costs, and others). A first step in this effort was provided to the Board on April 24, 2017, as part of a paratransit workshop that underscored the increasing proportion of OCTA's operating budget that is dedicated to paratransit services and limiting the growth of fixed-route service. An update and status report on these efforts will be provided to the Board as part of the FY 2018-19 budget development process. Further, efforts are underway to restructure agreements with non-profit service agencies that would better match reimbursements and costs.

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 reviewing ways to further reduce costs. Soliciting letters of interest from local agencies is recommended related to a potential future Project V call.

Attachments

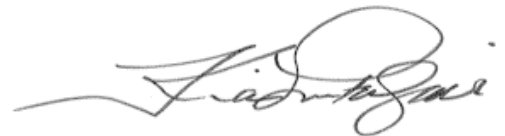
- A. OC Bus 360 Update
- B. National, State, and Regional Transit Operator Ridership Trends
- C. Letter from Anthony R. Foxx, The Secretary of Transportation, Department of Transportation, Dated December 5, 2016
- D. Measure M2 Community-Based Transit Circulators (Project V),
By Local Agency

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