

# **Alternative Transit Management Models**

## Agency and Service Delivery Options

November 8, 2016

City Manager's  
Transit Stakeholder Advisory Group



Alternative Transit Management Models  
Agency and Service Delivery Options

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**Advisory Group Listing**

<b><u>Stakeholder Group</u></b>	<b><u>Representative</u></b>
City of Tucson Transit Task Force	Margot Garcia City of Tucson Transit Task Force, Chair <a href="mailto:mgarcia@vcu.edu">mgarcia@vcu.edu</a>
Friends of Streetcar	Steve Farley, Arizona State Representative Friends of Streetcar Representative <a href="mailto:sfarley@igc.org">sfarley@igc.org</a>
Pima Association of Governments/Regional Public Transportation Authority	Jim Degrood PAG Transportation Services Director <a href="mailto:jdegrood@pagnet.org">jdegrood@pagnet.org</a>
Ratp Dev McDonald Transit (RDMT)	Steve Bethel General Manager, Sun Link Streetcar <a href="mailto:Steve.bethel@tucsonaz.gov">Steve.bethel@tucsonaz.gov</a>
Southern Arizona Transit Advocates	Gene Caywood <a href="mailto:caywoodgm@juno.com">caywoodgm@juno.com</a>
Teamsters Local 104	Andrew Marshall Secretary Treasurer, Teamsters Local 104 <a href="mailto:andrew.marshall@teamsterslocal104.com">andrew.marshall@teamsterslocal104.com</a>
Transdev	Katrina Heineking Regional Vice President, Transdev <a href="mailto:katrina.heineking@transdev.com">katrina.heineking@transdev.com</a>
Tucson Bus Riders Union	Brian Flagg <a href="mailto:casamariatucson@yahoo.com">casamariatucson@yahoo.com</a>
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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:

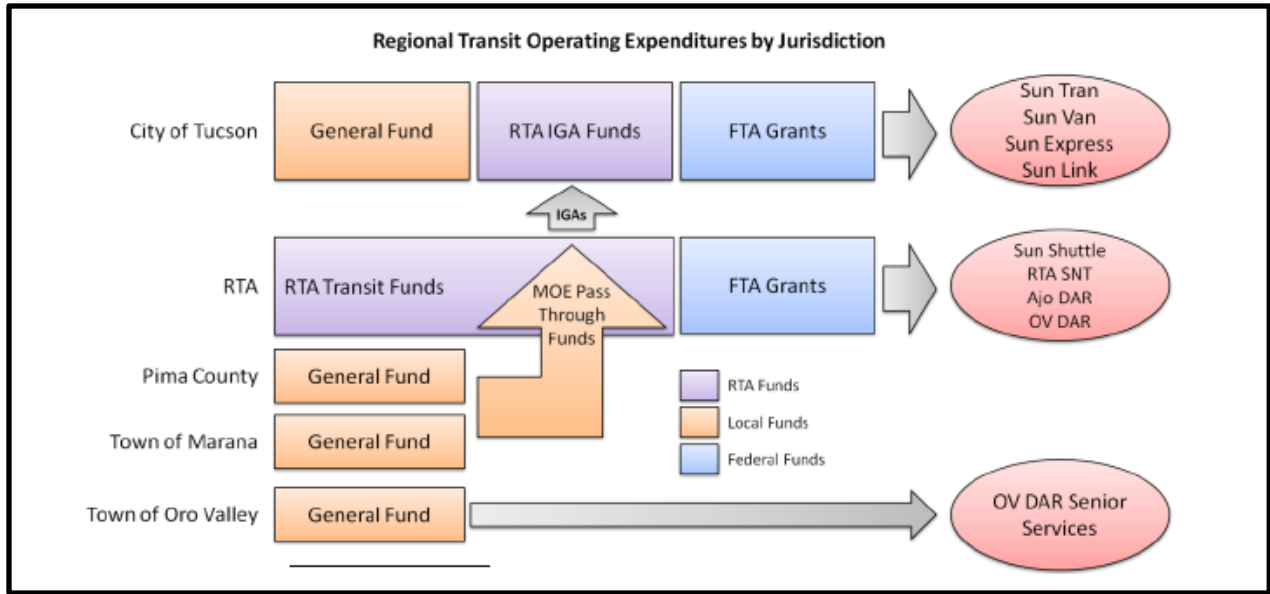
Engage the Pima Association of Governments (PAG) and other relevant stakeholders to examine alternative actions and improvements to support the long-term sustainability of the transit system to meet the needs of the community.

### Agency Options - Additional Supplemental Information

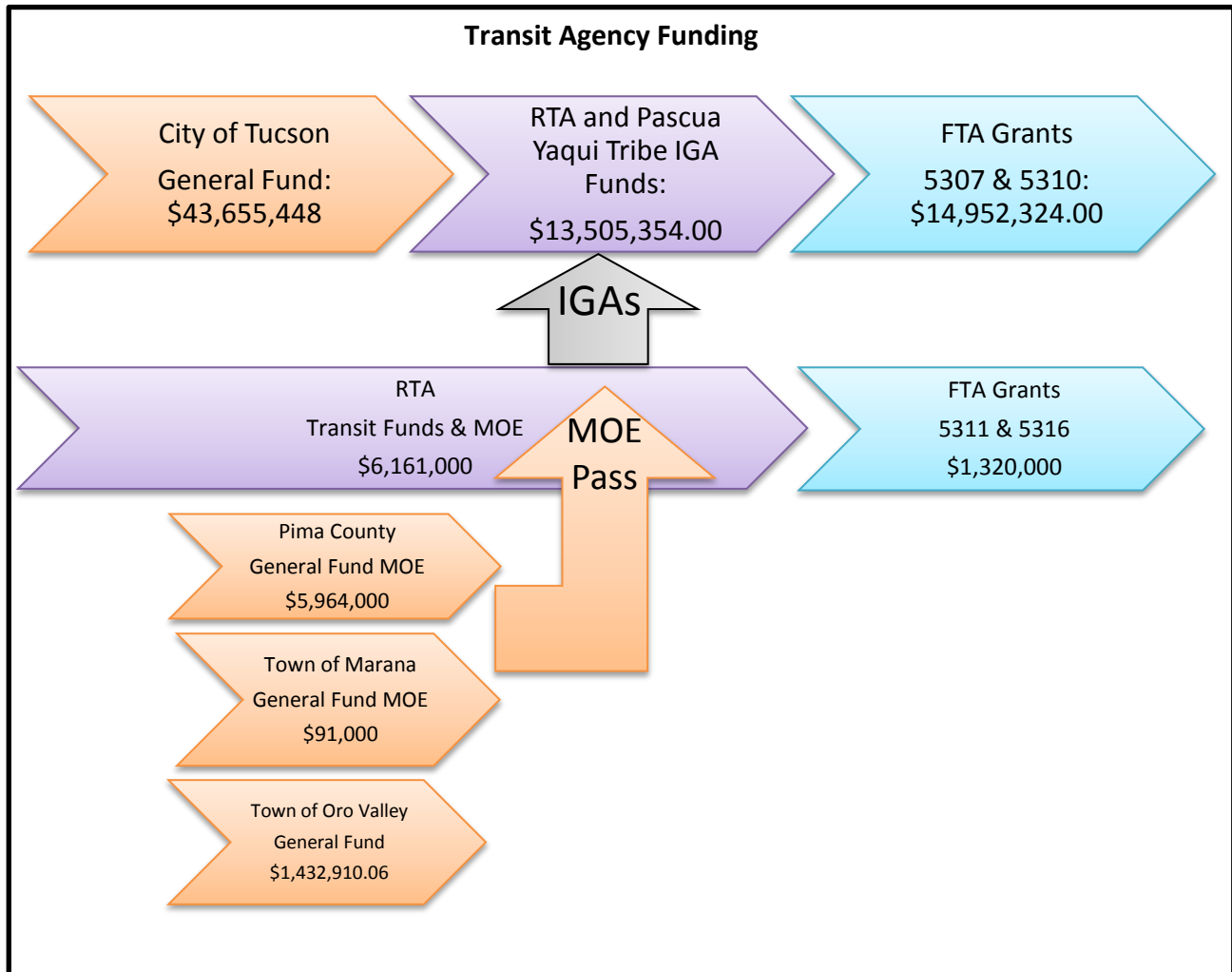
At the October 25, 2016 meeting, the stakeholder group reviewed and discussed supplemental information regarding potential agency management options. The following additional information is provided as a follow up to this discussion:

- *Capital Metro StarTran Model.* The City Attorney's Office has provided a legal opinion that the City does not have the authority to create a subsidiary non-profit to manage its transit services similar to the Capital Metro StarTran Model.
- *In-House City Management.* The City Attorney's Office recommends that the City not provide in-house city management of the transit services. With the City directly managing the transit employees of Sun Tran, Sun Link and Sun Van, the transit employees would likely be deemed City employees under the new National Labor Relations Bureau (NLRB) joint employer test. If so, a conflict would result between City Charter (city employees cannot strike) and the requirements under the federal transit law that requires collective bargaining rights, including the right to strike as a condition of receipt of federal funds.
- *Transit Funding By Agency.* On page 5, a diagram illustrates how funding from the local government agencies flows to the various transit services. The amount of funding by agency is also shown on page 5. A list of City managed transit services provided under IGA is shown below:
  - RTA Transit Services For RTA Funded Services:
    - Project 44: Weekday Evening Bus Service
    - RTA Project 45: Weekend Bus Service
    - RTA Project 46: Bus Frequency and Area Expansion
    - RTA Project 47: Special Needs Transit (Sun Van)
    - RTA Project 48: Neighborhood Circulator System (Sun Shuttle Marketing)
    - RTA Project 49: Express Bus Service
  - RTA Transit Services for Designated Areas of Pima County, Town of Marana, and City of South Tucson
  - Pascua Yaqui Tribe for Sun Tran Services

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MOE (Maintenance of Effort)



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### Current Management Contracts – Supplemental Information

The stakeholder group also reviewed potential performance indicators at the October 25 meeting. Subsequent to the meeting, Steve Farley provided a report, *Analysis of Transit Contracting Models and Proper Incentives for Long-Term Success* by the National Center for Transit Research, to staff. This report, which provides research information and advice on the contracting of transit services, is provided as Attachment A. Based on the stakeholder group discussion and the report, adjustments to the potential performance indicators are shown in the **yellow highlight** as follows:

- *Performance Indicators.* Overall, contract performance indicators should be established and tracked using the following guidelines:
  - The contractor should have 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 City or an independent third party should periodically verify the contractor's performance source data to ensure the integrity of the process.**

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 system<sup>1</sup>. National customer surveys show that people most value frequent and reliable transit with reduced travel times<sup>2</sup>.

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):

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

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

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- 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
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.
- Annual Ridership Incentive – **New**

Increase Ridership from Baseline Budget	Incentive	Disincentive
>3.00% above Goal	\$75,000	N/A
2.00 - 2.99% above Goal	\$50,000	N/A
1.00 - 1.99% above Goal	\$25,000	N/A
Baseline - Ridership forecast included in Annual Budget	Goal	Goal

In addition to the above performance indicators, the management contractor would be expected to update the marketing plan to achieve ridership goals.

- *Customer Satisfaction.* An important element of increasing ridership is ensuring that riders who use the transit service are content with the services

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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) - **Adjusted**

<b>Complaints per 100,000 Boardings*</b>	<b>Incentive</b>	<b>Disincentive</b>
<1.25	\$500	N/A
1.25 – 1.74	\$250	N/A
1.75 – 2.25	Goal	Goal
2.26 – 3.00	N/A	-\$250
>3.00	N/A	-\$500

*\*Please note, this performance measure tracks complaints per 100,000 boardings, not revenue miles.*

- 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.



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- 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 - **Adjusted**

On-time Performance %	Incentive	Disincentive
100%	\$500	N/A
98.00% - 99.99%	\$250	N/A
95.00% - 97.99%	Goal	Goal
90.00% - 94.99%	N/A	-\$250
<89.99%	N/A	-\$500

Additional information regarding Sun Tran’s preventative maintenance plan is provided in Attachment B.

- **Overall Contract Performance.** Sun Tran currently tracks S.M.A.R.T. (Specific, measurable, attainable, realistic, timely) goals for continual improvement in the Monthly Compliance Report (MCR). Of the nine SMART goals, four goals (Valid Customer Complaints per 100,000 Boardings, On-Time Performance, Preventable Accidents and Annual Ridership) could be contract performance indicators as described above. The remaining list of five S.M.A.R.T. goals are:

Performance Measures	FY17 S.M.A.R.T. Goals
Work Related Injuries	>74 injuries (FY16, >77)
SunGO Usage	Increase usage to 11,100,00 (FY16, 7,967,677)
Employee Turnover	8.69% Turnover Rate (FY16, 9.87%)
Unrecovered Warranty	Reduce by \$74,649 (FY16 Unrecovered Warranty amount, \$149,298)
Citations	>12 citations (FY16, 10 citations)

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

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

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### Draft Recommendations (Revised)

The stakeholder group reviewed initial draft recommendations to the City Manager on October 25 and provided some suggested revisions. The following revised draft recommendations address funding, agency options, service delivery options and include other related recommendations:

- *Funding.* The stakeholder group strongly recommends that dedicated transportation funding be addressed in the upcoming fiscal year budget. The funding could be used to support transportation services, such as roadway maintenance, and transit services, and multi-modal transportation improvements such as sidewalks and bikeways. In addition, the portion of the funding revenue for transit services could be applied to any of the agency management options.
- *Agency Management Recommendations.* To provide the greatest opportunity for continued success of transit services in the Tucson region, the stakeholder group supports and recommends the establishment of a regional transit authority. The authority's scope should include additional complementary connecting services, such parking management, bike share, car share and pedestrian programs, which allow riders to connect to/from transit to their final destinations.

More specifically, the stakeholder group recommends the following:

- *Metropolitan Public Transit Authority (MPTA).* The stakeholder group strongly recommends the City establish an MPTA. The MPTA legislation is the only existing state legislation which has the following combination of features:
  - Provides for a dedicated, viable and equitable funding source, property tax, to build and operate transit services.
  - Allows the City of Tucson to solely form the MPTA by approving a City ordinance.
  - Permits the agency to grow into a regional agency by allowing other interested local governmental agencies (cities, towns or Pima County) to join the MPTA.
  - Calls for directly elected board members and has proportional board voting among its member agencies.
  - Provides service delivery flexibility in hiring transit agency employees or contracting out transit services.

Given the sensitivity to increased property taxes, the stakeholder group recommends that when the MPTA starts to receive funding from property taxes the City proportionately reduce its property taxes until such time as when the MPTA board members are elected and have determined the appropriate MPTA property tax funding level. In the long term, the MPTA property tax funding could substitute for the City's General Fund transit

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investment, which would allow the City to use the funding to address other needs or to improve transit services.

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 and other complementary connecting services (e.g. parking management, bike share, car share, pedestrian programs).

- *Joint Powers.* If the City does not make progress on the MPTA, then the Joint Powers agency legislation may offer a regionally viable alternative to build and operate transit services. However, the Joint Powers agency legislation does not include a funding source. In addition, the City may be challenged in finding another joint powers agency partner (e.g. RTA or Pima County) as the issue of whether RTA or another transit agency manages transit services may not be a pressing issue for other local agencies. The major advantage of the Joint Powers legislation is its' flexibility in defining the agency's governing board and by-laws.

The above recommendations reflect 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

The Stakeholder group does not recommend that the RTA agency or the City of Tucson agency management model be pursued.

- *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

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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 as provided in the Stakeholder Group materials for November 8, 2016.

- *Related Recommendations.* In addition to the above agency and service delivery option recommendations, the stakeholder group supports the following related recommendations:
  - 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