

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
18	07/27/09	Open	Action	07/22/09

Subject: Holding a Public Hearing on Proposed Service Changes for January 2010

ISSUE

Holding a public hearing to receive comments on proposed service changes.

RECOMMENDED ACTION

Receive comments on proposed service changes.

FISCAL IMPACT

None.

DISCUSSION

On June 8, 2009, staff presented to the Board of Directors several options for September service reductions with an objective of achieving roughly \$2.1 million in savings in Fiscal Year 2010. At that time, it was also assumed that an additional \$1.1 million in savings in Fiscal Year 2010 would have to be achieved from additional service reductions to take place in January 2010.

Subsequent to the June 8, 2009 meeting, the target for September service reductions was reduced from \$2.1 million to \$700,000, based on changes to cost and revenue projections. On June 22, 2009, the Board of Directors adopted a combination of service changes and fare increases to balance the FY 2010 budget, however, the adopted budget still assumed \$1.1 million in savings from January service reductions.

Financial Update

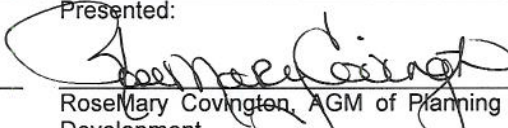
Since the FY 2010 Operating Budget was adopted on June 22, 2009, economic conditions have worsened. RT has been notified that the Sacramento Transportation Authority will reduce its FY 2010 sales tax based, Measure A, projections by 3%. This will reduce expected RT revenue from this source by \$932 thousand. In addition, SACOG staff has advised there will be a further reduction in RT's Local Transportation Fund (LTF) allocation of approximately \$1.5 million, also due to the decline in expected sales tax revenue.

Partially offsetting this bad news is the recent federal authorization to convert 10% of the stimulus funding to operating revenue. In meetings with SACOG it was determined that a regional 10% would equal \$3.1 million. Other transit agencies with approved stimulus projects advised SACOG of the amount each would transfer up to 10% of their individual stimulus project total. Those amounts were deducted from the regional total, leaving a potential of \$2.8 million remaining that could be claimed by RT. SACOG strongly advised RT to relieve the pressure on the preventive

Approved:


General Manager/CEO

Presented:


Rosemary Covington, AGM of Planning and Transit System Development

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maintenance (PM) calculations supporting the \$14 million stimulus award due to the service reductions made and anticipated. After reworking the calculations with SACOG, it was determined that the minimum amount needed to support the PM calculations underlying the claim was \$1.2 million. This amount will be converted from PM to operations on the stimulus funding grant. Unfortunately, this will not be realized as additional operating revenue since the PM funding was already designated as operational support. However, the remaining \$1.6 million of the regional 10% can be deducted from RT's UTDC project for which \$8.2 million in stimulus funding was awarded. Authorization to transfer funds between the capital and operating budget to reflect these changes will be forthcoming in late August following authorization by the SACOG Board.

RT staff has developed an informational summary reflecting all known and verifiable factors that will change the FY 2010 Operating Budget. A walk-through of these factors will be provided at the July 27th Board meeting and the summary is provided as Attachment 1.

Current estimates indicate that in addition to the \$1 million in January service cuts already factored into the FY 2010 Adopted Operating Budget, an additional \$1.4 million must be found in order to re-balance the budget. The total shortfall is expected to be \$2.4 million.

Staff continues to work diligently to reduce the budget based on cost reductions and revenue enhancements as major revenue streams decline in this economy. However, the magnitude of the potential shortfall will still require a total of \$1.4 million in January 2010 service reductions to bridge the gap. Since January is the half-way point of the fiscal year, in order to realize \$1.4 million in savings, it is necessary to make service reductions amounting to \$2.8 million on an annual basis.

A summary of cost saving and revenue enhancement actions developed to meet budget shortfalls is provided as Attachment 2.

Options:

One option for January would be to revisit the more severe proposals originally presented to the Board of Directors on June 8, 2009. The most severe of these packages totaled \$4.27 million in annual savings. The more moderate package, titled Option 4, totaled \$3.0 million in annual savings, although roughly a third of it has already been adopted for September.

Another option would be to identify additional routes for reduction or elimination. Several members of the public have expressed concern about the repeated targeting of low-productivity services. While trimming from the bottom up should tend to minimize the impact on ridership, there are valid reasons for targeting more statistically productive services:

- (1) while eliminating a bus on a busy route with many buses (for example, Route 30/31) will impact service frequency, it will not result in a complete elimination of service, and

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(2) there are some routes, or segments of routes, that perform reasonably well statistically, but that nevertheless have viable alternatives, for example, Route 50E, which is completely covered by Routes 51 and 38.

Eliminating Weekend Service

Another option investigated by staff was elimination of all weekend service, including light rail. If an entire day of service was eliminated, it would also eliminate the need for RT to provide corresponding complementary paratransit service. Eliminating both Saturday and Sunday/Holiday service would save roughly \$6 million. This, however, is substantially more than RT is projected to need, so it is not being proposed. Staff also determined that elimination of Sunday/Holiday service alone is technically infeasible. The consecutive day off requirement in the ATU contract would result in all Saturday service being staffed as day-off work, which is paid entirely as overtime.

Blackout Days

Several members of the public suggested RT consider discontinuing holiday service. All drivers are paid for holidays, however, the drivers that have to work on holidays are paid roughly double-time. Eliminating holiday service would essentially reduce their pay from double to straight time, as they would still get paid for the holiday. Staff determined that the gross savings would be roughly \$29,000 per day. Ridership on holidays tends to be about 20,000 to 26,000. Assuming an average fare of roughly \$1.00 per boarding, the savings from blacking out a holiday would thus be fairly minimal. Considering that New Years Day falls before the beginning of the January sign-up, there would also only be two RT holidays falling in Fiscal Year 2010: Martin Luther King Jr. Day, and Memorial Day.

Furlough Fridays

Another suggestion received by RT was to run reduced service or Saturday service on State Furlough Fridays, as ridership is substantially lower. The rostering demands of a schedule with three reduced service days would, however, necessitate split days off. Since the ATU contract requires consecutive days off for all drivers, this is not an option.

Peak-Only Service

Even though they run for only a few hours, peak-only buses still add a significant step cost to a schedule because they increase the vehicle and driver requirements. An increase in vehicles results in more deadhead time. Similarly, drivers all have an 8-hour guarantee. On the other hand, eliminating an entire express route may save little or no money if the buses are still needed on other routes. For these reasons, adjustments to peak-only service must be made with extra precision.

Staff analyzed the entire system of peak-only expresses and identified three cases where a bus currently leaves the garage, goes into service, operates one trip with ten or fewer passengers, and

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then returns to the garage. These trips are all being recommended for cancellation. Several other cases were identified where a bus currently leaves the garage, operates two to three trips, only one of which has more than ten passengers, and then returns to the garage. Staff was able to combine the well-used trips and consolidate buses, eliminating the lesser-used trips.

In addition to trying to preserve higher-ridership trips, staff also tried to preserve stand-alone routes and focus reductions on overlay routes, e.g., Routes 101, 102, and 103, where a local route or combination of routes with almost the same alignment is available as an alternative. Altogether, staff identified three morning and three afternoon buses that could be eliminated or combined with other buses. Trimming only a few low-ridership trips in this manner is not expected to severely impact ridership, especially since alternatives would be available.

On the other hand, if all peak-only services were eliminated, it is likely that most or all of those customers would stop riding, resulting in a major loss of monthly pass sales, likely negating the intended savings. Staff has included a more severe reduction of peak-only services as an option, but it is not considered as efficient.

Early Morning/Evening Service

Other options include eliminating early morning and evening service. An analysis made and presented to the Board on August 20, 2008 concluded that a maximum of approximately \$1.3 million could be saved annually, after adjustments for lost fare revenue, from eliminating early morning and evening bus service. Staff has reviewed which routes have evening service and broken them into two groups, one where ridership tends to be higher, and one where ridership tends to be lower.

Staff has also reviewed a conclusion in the 2008 analysis on early morning and late night light rail service and found that approximately \$200,000 could be saved by eliminating light rail trips before 6:00 a.m. and after 9:00 p.m.

It should be noted that reducing evening service tends to lead to greater-than-expected ridership loss as an evening trip is usually only one-half of a round trip, the first half of which is made during the day. This same analysis also concluded that a maximum of \$200,000 could be saved annually, after adjustments for lost fare revenue, from eliminating light rail service before 6:00 a.m. and after 8:00 p.m.

Attachment 3 summarizes the estimated impact of the recommended changes. Attachment 4 summarizes the estimated impact of several alternatives. Attachment 5 contains a statistical summary on all routes.

Route 14 Adjustments

In addition to the major service reductions that are needed to balance the budget, staff is recommending one minor adjustment to Route 14. Route 14 currently serves Norwood Avenue in North Sacramento and North Market Blvd. in North Natomas. Staff is recommending the

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alignment be adjusted on North Market Blvd. to increase service to a PRIDE Industries facility which is being relocated to National Drive in North Natomas. This change is estimated to benefit approximately 45 daily passengers, many of whom are transit-dependent, based on current ridership at the existing PRIDE location. A second adjustment is being recommended on the Norwood Avenue segment to eliminate a low ridership loop. This change would increase walk distance for an estimated 10 passengers per day, but not eliminate service. This change is being recommended to improve running time and schedule reliability for the remaining daily passengers, which total roughly 500. Attachment 6 shows the recommended adjustments, which would be cost-neutral.

Route 212 Adjustments

Route 212 is a supplemental route with one morning and two afternoon trips, operating on T Street and in the Tahoe Park area, serving Kit Carson Middle School on Folsom Boulevard. Effective September 2009, Route 37, which has much the same alignment as Route 212, will be eliminated. In order to minimize the impact on Route 37 riders, the Board approved an extension to Route 212 so that it goes south of Fruitridge Road, covering the full length of Route 37. Staff is recommending that effective January 2010, Route 212 be shortened to 21st Avenue, its original endpoint. While the extension was initially proposed so as to accommodate a block of Route 37 riders living south of Fruitridge Road and attending Hiram Johnson High School, staff now anticipates that this group of riders will be more likely to use the nearby Routes 8 and 81. Since the streets south of 21st Avenue are narrow and have speed bumps, staff is recommending this segment be eliminated from Route 212.

Next Steps:

The Board previously resolved to hold a public hearing on Monday, July 27, 2009, to receive public testimony regarding the proposed changes. The hearing has been publicized in the *Sacramento Gazette*, *The Daily Recorder*, *El Hispano*, and *Nichi Bei Times*, as well as on all buses and trains, and on RT's public website. The public has been told that comments made regarding the September service changes will be taken into consideration for January service changes. In total, RT has received over 200 total comments on the September and January reductions combined.

Staff recommends holding the scheduled public hearing to receive comments on the proposed January changes. Based upon the public comments, further direction from the Board, and any changes to RT's funding situation, staff will return to the Board for final approval on August 24, 2009.

SACRAMENTO REGIONAL TRANSIT DISTRICT

FY 2010 OPERATING BUDGET RE-BALANCING STRATEGIES SUMMARY AS OF 7-22-09

	Adopted Budget Jun 22, 2009	(+)(-)	(+)(-)	(+)(-)	(+)(-)	NET CHANGE	REVISED
REVENUES							
Fare Revenue	\$ 41,000,448					-	\$ 41,000,448
Contracted Services	4,129,623	(357,079) ¹	750,000 ²			392,921	4,522,544
Other Income	3,395,792					-	3,395,792
Carryover	2,000,000	(500,000) ³				(500,000)	1,500,000
Local Subsidy	58,721,004	(931,947) ⁴	(1,544,000) ⁵			(2,475,947)	56,245,057
Federal Subsidy	30,031,957	1,683,618 ⁶				1,683,618	31,715,575
Total	\$ 139,278,824					(899,408)	\$ 138,379,416
EXPENDITURES							
Salaries & Benefits	\$ 89,083,251	186,316 ⁷	133,070 ⁸	11,966 ⁹		331,361	\$ 89,414,612
Professional Services	23,554,253					-	23,554,253
Materials & Supplies	9,195,072					-	9,195,072
Utilities	5,574,200					-	5,574,200
Insurance & Liability	10,363,118					-	10,363,118
Other Expenses	2,508,930					-	2,508,930
Total	\$ 140,278,824					331,361	\$ 140,610,185
Shortfall	\$ (1,000,000)						\$ (2,230,769)
January Service Cuts	1,000,000						1,000,000
Balance	\$ -						\$ (1,230,769)

Revision Descriptions

- 1 Reduction in LTF allocation for Citrus Heights (Admin Fee) and reduction in LTF apportionment (see #5)
- 2 Potential continuation of CNG rebate through FY 2010 - Legislation Pending
- 3 Reduction in anticipated carryover due to less indirect cost transfers than projected
- 4 3% reduction in Measure A projections
- 5 \$1.5 million estimated reduction to FY 2010 LTF apportionment
- 6 Estimated additional 10% ARRA funding for operating
- 7 Adjust budget for changes in labor cost preliminary estimates
- 8 Change in pension rates
- 9 Change vacancy from 100% to 50% for Sr. System Engineer assuming 80/20 capital to operating split

**SACRAMENTO REGIONAL TRANSIT DISTRICT
ACTIONS TO MEET STATE BUDGET REVENUE SHORTFALLS**

ACTIONS TO MITIGATE THE FY 2008 BUDGET SHORTFALL OF \$8 MILLION:

1. Deferred \$2.3 million in operating expenditures
2. Eliminated 5 non-operating positions and froze an additional 28 positions
3. Conducted a thorough review of employee medical dependent coverage eligibility which resulted in a cost reduction of \$300,000 per year by removing ineligible dependents from plans
4. Instituted cost reduction and cost containment measures in all discretionary spending in areas including supplies, professional services, travel, and non-essential meeting expenses
5. Non-labor cost increases were limited to 2.0% and labor and fringe benefit growth was limited to 4.0% over the prior year budget
6. Scaled back or indefinitely delayed 91 capital projects to reprogram flexible funding to operations
7. Eliminated 5% of unproductive bus service
8. Management cost-of-living increase for FY 2008 was cancelled

ACTIONS TO MITIGATE THE FY 2009 BUDGET SHORTFALL OF \$22 MILLION:

9. Filed and received CNG fuel rebates from the Federal Government (ongoing)
10. Reduced travel and participation in non-essential meetings and community events
11. Discontinued the Paratransit Group Pass effective 12-1-08
12. Further reduced staffing levels and froze all non-critical vacancies
13. Increased the pension amortization period from 20 to 30 years on both pension plans to reduce fringe benefit expenditures
14. Re-negotiating existing fare and transfer agreements to minimize cash outlay
15. Increased overall fare structure by 11.7% effective 1-1-09
16. Increased Paratransit Fares by 12.5% effective 1-1-09

ACTIONS TO MITIGATE THE FY 2010 BUDGET SHORTFALL OF \$9 MILLION:

17. Implemented class & pay study to bring salaries to a competitive level, then froze any possibility of movement through the improved ranges for over 18 months
18. Intensified the two years old hiring freeze with consideration of permanently eliminating positions that have remained unfilled for two years or more
19. Eliminated almost all contract workers and intern opportunities
20. Reduced community based memberships and sponsorships
21. Reduced remaining travel and training by two-thirds
22. Implemented "zero-base" salary and benefit program requiring each labor union to determine a combination of strategies to absorb rising costs so that total costs in FY 2010 are the same as the base year (FY 2009)

**SACRAMENTO REGIONAL TRANSIT DISTRICT
ACTIONS TO MEET STATE BUDGET REVENUE SHORTFALLS**

“Zero-Base” Strategies include:

- a. Salary freeze
 - b. Suspension of vacation, sick leave, floating holiday sell backs
 - c. Furloughs of 9+ days over 18 months
 - d. Increased insurance premium payment share by employees from 8% to 10%
 - e. Increased insurance co-pays for office visits
 - f. Reduce RX replacements per co-pay from 90 day to 30 day supply
23. Reduce Professional Services costs and limit to prior year total for larger contracts such as Paratransit Inc., and Security Services, which make up 76% of this category
 24. Reduce facilities services contracts for internal services such as janitorial services, for example, from 7 days to 5 days per week
 25. Developed and planned implementation of a district-wide cost allocation plan that will provide a mechanism to legitimately shift indirect costs by as much as \$2 million each year from operations to capital projects (currently awaiting FTA approval)
 26. Pursue additional grant opportunities for preventive maintenance and other purposes that will shift additional labor costs from operations to capital (ongoing)
 27. Eliminated Lifetime Pass for customers 75 and older effective 9-1-09, grandfathering in current pass holders.
 28. Increased Paratransit Monthly Pass from \$100 to \$125.
 29. Adopted fare structure adjustments (Increases to single fare, elimination of future Lifetime passes, creation of “Super Senior” discount, elimination of transfers, elimination of central city and shuttle fares) effective 9/1/09.
 30. Board adopted service reductions in two phases on 9/6/09 and again on 1/1/10, if conditions do not improve

January 2010 Recommendations

Route	Name	Recommendation/Notes	Savings (thousands)
Light Rail	-	Eliminate trips after 9:00p	\$180
1	Greenback	Eliminate IB trips at 6:34a, 8:19a, OB trips at 5:43a, 728a	\$40
2, 6	Riverside, Land Park	Lengthen headways from 35 to 65 minutes on both routes	\$378
8	Power Inn - Florin Mall	Lengthen headways from 30 to 60m	\$126
9, 10	Carmichael - Walnut Ave	Eliminate, split Route 82 to cover part of Route 9	\$254
	Carmichael - Dewey Drive		
14	Norwood	Adjust alignment (see Attachment 3)	\$0
18	Del Paso Hts - Bell Ave	Eliminate	\$122
20	Cottage	Eliminate	\$102
28	Fair Oaks - Folsom	Eliminate OB trips at 5:07p and 6:07p	\$23
36	Folsom	Eliminate	\$119
50E	Stockton Blvd	Eliminate	\$425
62	Freeport	Lengthen headways from 30 to 60m	\$270
83	14th Ave	Eliminate	\$115
93	Hillsdale	Change inbound 6:45a trip to 6:36a to improve coverage	\$189
100	Antelope Express	Eliminate 5:57a trip	
101	Don Julio	Eliminate 5:42p trip	
102	Hillsdale Express	Eliminate 6:19a, 6:34a, 6:49a, 7:04a, 4:43p, 5:13p, 5:43p trips	
107	Greenback Express	Eliminate 6:50a and 5:39p trips	

(more)

January 2010 Recommendations, cont.

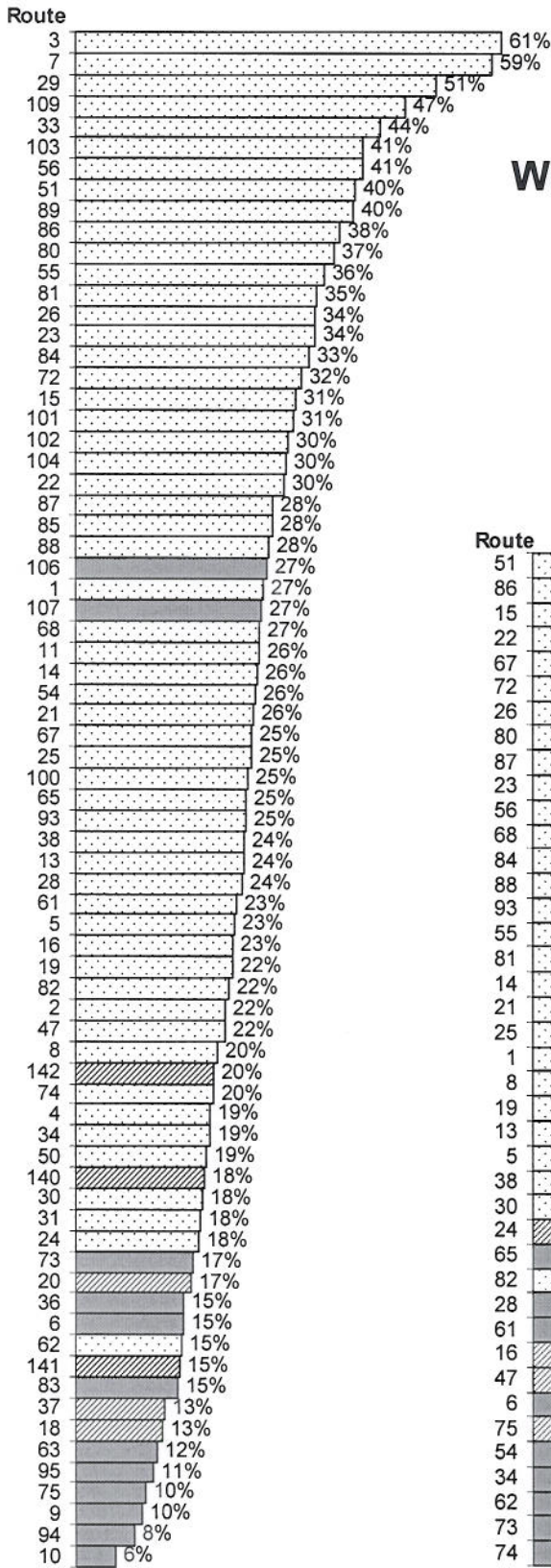
3, 7, 29, 89, 100- 109	Peak-Only Expresses	Eliminate additional selected trips	\$158
2	Riverside	Eliminate trips before 6:00 a.m. and trips after 8:00 p.m.	\$420
8	Power Inn - Florin Mall		
13	Northgate		
14	Norwood		
22	Arden		
28	Fair Oaks - Folsom		
30/31	J Street		
34	McKinley		
50E	Stockton Blvd ¹		
61	Fruitridge		
62	Freeport		
73	White Rock		
74	International		
75	Mather		
		TOTAL	\$2,921

¹ Route 50E is listed for both early morning/evening reduction as well as for total elimination. In the event that it is removed from the list for elimination, staff still recommends eliminating up to six evening trips.

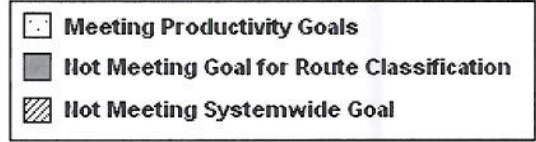
Alternatives

Route	Name	Recommendation/Notes	Savings (thousands)
1	Greenback	Eliminate trips before 6:00 a.m. and trips after 8:00 p.m. (these routes have higher ridership than previous group)	\$940
15	Rio Linda Blvd		
19	Rio Linda		
21	Sunrise - Citrus Hts		
23	El Camino		
38	P/Q Streets		
51	Broadway - Stockton		
56	Pocket - CRC		
67	Franklin		
68	44th Street		
72	Rosemont - Lincoln Village		
80	Watt - Elkhorn		
81	Florin - 65th Street		
82	Howe - 65th St		
84	Watt - North Highlands		
86	San Juan - Silver Eagle		
87	Howe		
88	West El Camino		
93	Hillsdale		

FAREBOX RECOVERY

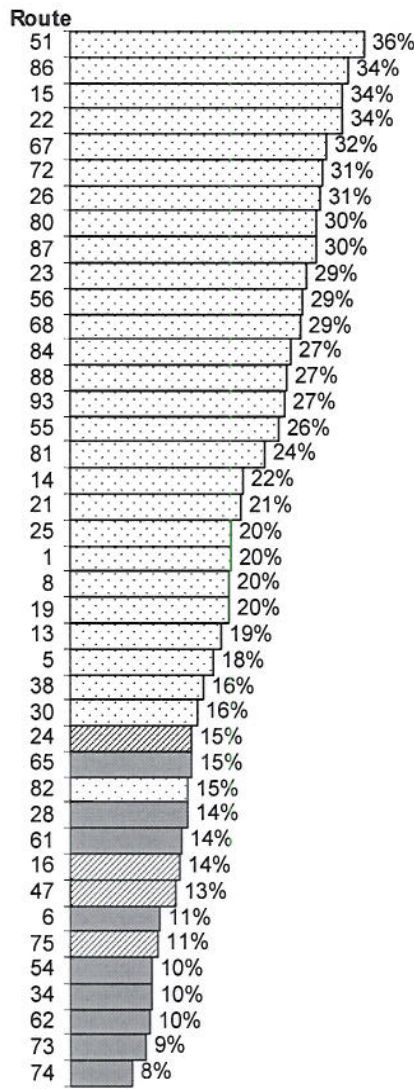


Weekday

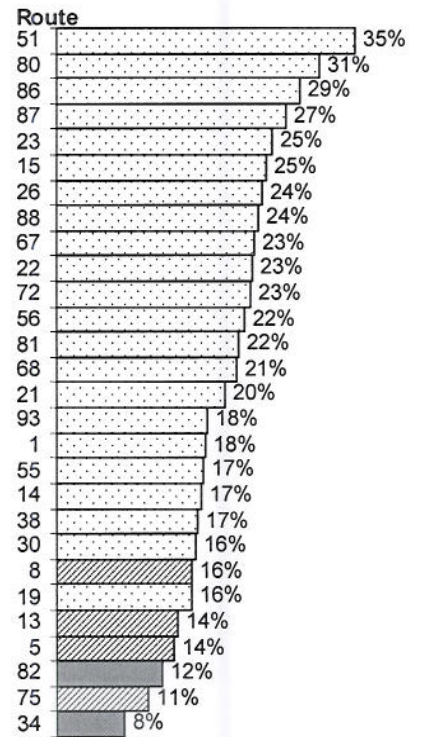


Goals are in boardings per revenue hour

Saturday



Sun/Hol



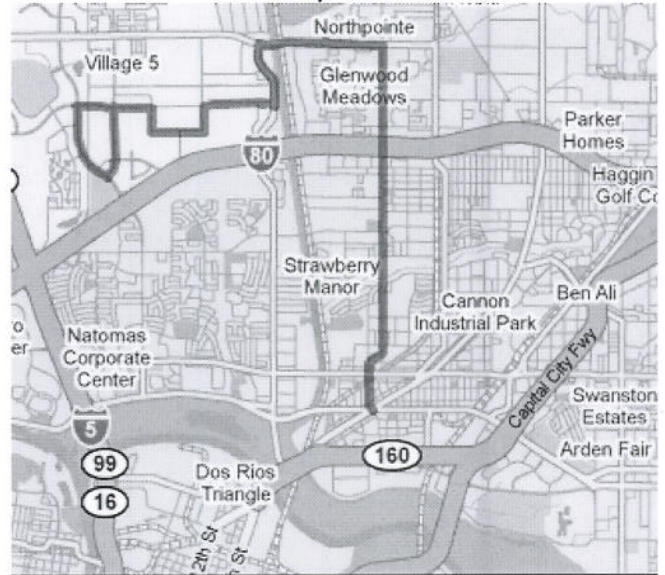
Data from 1/1/08 – 12/31/08
Supplemental routes not shown

Route 14
Proposed Realignment
Effective: January 3, 2010

Current



Proposed



Detail: To Be Eliminated



Detail: New Pride Location



Service added on National Drive and Sierra Point Drive
 Service eliminated on Ford Road, Western Avenue, Olmstead Drive, and Fairbanks Avenue