

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	01/27/14	Open	Information	01/21/14

Subject: Strategic Plan Update-Review of Challenges

ISSUE

Review the Sacramento Regional Transit District's 2004 Strategic Plan challenges and assumptions for possible modification or addition to reflect current conditions.

RECOMMENDED ACTION

No action is recommended at this time. The Board is asked to review and make modifications to the challenges presented in the 2004 Strategic Plan. The modified challenges will be presented to the Board for adoption after public review of the Draft 2014 Strategic Plan.

FISCAL IMPACT

None at this time.

DISCUSSION

The Sacramento Regional Transit District's (RT) Board of Directors adopted its most recent Strategic Plan in 2004. Six fundamental challenges were identified in the 2004 Strategic Plan. The following discussion provides an update on the previously identified fundamental changes to determine which, if any, of those challenges are still current, and to edit and amend the challenges as appropriate. The presentation that accompanies this paper is provided in Attachment 1.

Fundamental Challenge: Rapid Regional Growth

At the time of the 2004 Strategic Plan's creation, the Sacramento Region was experiencing rapid growth. Population, housing and employment forecasts predicted the region's rate of growth would continue swiftly and steadily with significant impacts on traffic congestion and air quality levels. While the region has grown since 2004, it has not achieved the projected level of growth with the continuous and steady rate that was anticipated during the creation of RT's 2004 Strategic Plan. The region is still predicted to experience tremendous growth with increases in population, employment and households expected to grow by 34%, 39% and 35% respectively by 2035. The last updates to the Sacramento Area Council of Government's Metropolitan Transportation Plan (MTP) have, however, included revised and lower growth rates than previous versions. Traffic congestion as measured by congested miles of travel driven per capita per day decreased in the region between 2005 and 2008 and is currently predicted to continue to decrease with efforts identified in the latest MTP and Sustainable Communities Strategy. The regional reduction in congestion since 2005 follows the national trend that is attributed to unfavorable economic conditions. Improving economic conditions are predicted to increase travel demand.

Approved:

Presented:

Final 01/23/14

General Manager/CEO

RoseMary Covington, AGM of Planning & Transit System Development

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Fundamental Challenge: Societal Change

The 2004 Strategic Plan predicted societal changes such as an aging population and changes to household size and composition that were predicted to have significant impacts on travel needs and offerings. While the region has seen an aging of the population, it has not yet resulted in a significant change to regional travel mode share. This lack of change was likely impacted by lower than predicted levels of congestion and availability of alternatives to driving alone. An unexpected societal change was the lowering of the median household income. 2000 Census data estimates an annual median household income of approximately \$60,400 (adjusted to 2012 dollars) in the Sacramento region. The annual median household income in the Sacramento region was reported by the 2012 American Community Survey to be approximately \$52,700.

Fundamental Challenge: Funding

The Great Recession impacted household incomes, employment rates and transit funding levels. RT, like many other transit providers in the United States, experienced significant reductions in local, state and federal funding levels. Since 2004, RT's nominal annual state and local operating revenue ranged from as high as nearly \$93,000,000 in Fiscal Year 2007 to as low as just over \$58,000,000 in fiscal years 2010 and 2011. During the same period, RT's nominal annual federal operating revenue ranged from just under \$12,000,000 in Fiscal Year 2004 to as high as nearly \$31,000,000 in Fiscal Year 2010. Reductions in funding necessitated reductions in staffing levels.

RT experienced several major internal changes in the last decade because of limited funding. Authorized staffing levels have varied greatly over the past decade with the total number of authorized positions peaking in Fiscal Year 2006 at 1,255. Fiscal Year 2011 had the lowest authorized staffing level in the last decade with 928 authorized positions. The total number of authorized positions was reduced significantly in Fiscal Year 2011 with reductions of nearly 23% from the previous fiscal year. Staffing level reductions implemented between fiscal years 2010 and 2011 were split almost evenly between administrative (including all positions represented by the American Federation of State, County and Municipal Employees (AFSCME), Management and Confidential Employee Group (MCEG), and Administrative Employee Association (AEA)) and operational staff (included all positions represented by the Amalgamated Transit Union (ATU) and the International Brotherhood of Electrical Workers (IBEW)) with a 24% and 22% reduction in positions respectively.

Fundamental Challenge: System Expansion

Lower than predicted funding levels necessitated lower than planned services levels. RT's service offerings have varied greatly over the past ten years. Service levels measured by revenue hours for both bus and light rail modes of service fluctuated considerably since 2004. Bus service levels decreased from nearly 697,000 annual revenue hours in Fiscal Year 2004 to approximately 506,000 in Fiscal Year 2013, while train vehicle revenue hours have increased from nearly 150,000 to over 196,000 during the same period. RT experienced an overall reduction in annual vehicle revenue hours of nearly 144,000 between fiscal years 2004 and 2013. The current trend

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in service levels does not fit with the MTP referenced during the creation of the 2004 Strategic Plan which projected transit service expansion that would double light rail mileage and double RT's bus fleet by 2025 with an increase in local transit funding. The extension of the Gold Line to Folsom and introduction of the Green Line increased light rail mileage. The upcoming extensions of the Blue and Green lines will bring RT closer to the previously projected 2025 goal for light rail service. Bus service levels and fleet requirements are currently lower than 2004 levels.

Fundamental Challenge: Local Control

The desire for more direct and local control of transit services is evident in the change in composition of RT's Board of Directors. From 2004, the RT Board of Directors was expanded to include representatives from the cities of Citrus Heights, Folsom and Elk Grove. In addition to the expansion in the total number of board members, the number of representatives from the City of Sacramento and County of Sacramento was adjusted and a weighted voting system was implemented.

Since the adoption of the latest Strategic Plan, the city of Elk Grove began operating transit service. Other transit services with a local focus such as the Rancho CordoVAN, the North Natomas Flyer and the McClellan Shuttle were initiated by municipalities and transportation management associations.

Fundamental Challenge: System Preservation

The 2004 Strategic Plan identified system preservation of infrastructure, vehicles, and equipment, and personnel to be a fundamental challenge. RT continues to face issues associated with aging infrastructure, equipment and vehicles and securing funding sources to ensure timely replacement, updates and maintenance of these items. With the first set of light rail vehicles nearing the end of their life cycle, the need to address this situation is more urgent now than in 2004.

Since 2004, 456 employees have retired from RT; this represents over 40% of the average annual number of total authorized positions during the same time period. Retirement doesn't represent all employee turnover, but likely represents loss of employees with high levels of relevant work experience, and many of the employees who were involved in the development of the 2004 Strategic Plan. RT experienced a high rate of retirements over the past decade and has the potential to see more employee turnover from retirement within the next five years. Nearly 60% of the active employees at the beginning of Fiscal Year 2013 will be eligible for retirement by the end of calendar year 2018. The two employee groups with the potential for the greatest impact from retirements are the IBEW and the MCEG with 65% and 62% of active employees eligible for retirement within the next five years respectively.

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Challenges for 2014 and beyond

RT's Strategic Plan of 2004 identified challenges in order to provide the framework for development of its vision and goals. The plan looked at the organization broadly to develop strategies and performance monitoring measures to move the organization toward its vision and goals. The 2014 Strategic Plan challenges will identify those issues that will influence the organization over the anticipated life of the 2014 Strategic Plan – three to five years. The challenges listed below reflect RT Executive Management Team's observation of critical issues facing the RT.

Challenge 1: Meeting the demand for cost-effective transit services that support livable communities and accommodate varying travel needs between and within communities.

Regional growth is predicted to continue at rates that exceed national and state levels. Development to accommodate the anticipated growth may range from brownfield development in the urban core to greenfield development in areas such as the Jackson Corridor. The aging of the population will continue. Interest in alternatives to travel by personal automobile is also likely to continue. The rapid growth rates and societal changes predicted in the region require thoughtful system expansion and continued development and deployment of innovative services to meet changing needs and assist in the creation of livable communities. Desire for local control of services is also likely to continue.

Challenge 2: Maintaining, replacing and improving existing infrastructure, vehicles and equipment.

RT faces significant challenges to preserving its current infrastructure and equipment. Replacing and maintaining physical infrastructure and equipment is likely to be more challenging in the upcoming decade than in the past. RT facilities, stations and equipment are all showing the effects of age and deferred maintenance due to financial crises. Perhaps the most critical is the need for vehicle replacement. The first set of Siemens vehicles purchased for use on RT's light rail system was placed into service between 1985 and 1987. This set of 26 cars is planned for replacement between fiscal years 2019 and 2023; the replacement of these vehicles is needed to maintain current service and capacity levels. Securing the funding necessary to begin the procurement process must be accomplished by no later than 2017. RT will need to purchase 280 buses for fixed-route and route-deviation services by Fiscal Year 2023 to maintain a 15% spare ratio and provide the levels of service identified in the TransitRenewal Plan; currently secured funding is only available to cover 30% of the vehicles needed by 2023. The first replacement buses are planned for delivery in Fiscal Year 2015.

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Challenge 3: Addressing the need for additional funding to provide quality services that meet community expectations.

A lack of permanent, dedicated and stable funding will continue to serve as a major challenge to providing quality transit service throughout the region. Upcoming changes, such as those impacting state transportation funding, will present challenges and opportunities to establish more fitting funding structures and sources. To meet anticipated needs and preserve the existing system, RT must pursue more stable, permanent and dedicated funding sources.

Challenge 4: Maintain staff levels to maintain delivery of service.

With over 60% of RT staff members eligible for retirement within the next five years, preserving RT’s internal staff expertise will present a significant challenge. Succession planning and aggressive recruitment practices are needed to maintain current levels of expertise.

Challenge 5: Developing strategies to address legislative changes.

In addition to the previously identified environmental changes that may necessitate internal change and attention, legislative changes such as the Highway Safety, Traffic Reduction, Air Quality and Port Security Act of 2006 (Proposition 1B), the Sustainable Communities and Climate Protection Act of 2008 (SB 375), Complete Streets Act of 2008 (AB 1358), the CEQA Modernization Bill of 2013 (SB 743), and the federal Moving Ahead for Progress in the 21st Century Act (MAP 21), provide incentives, disincentives and supporting amenities that create both opportunities and challenges for transit services. RT must work with partner agencies and other regional stakeholders to ensure proper implementation and coordination of various efforts related to legislative changes.

Next Steps

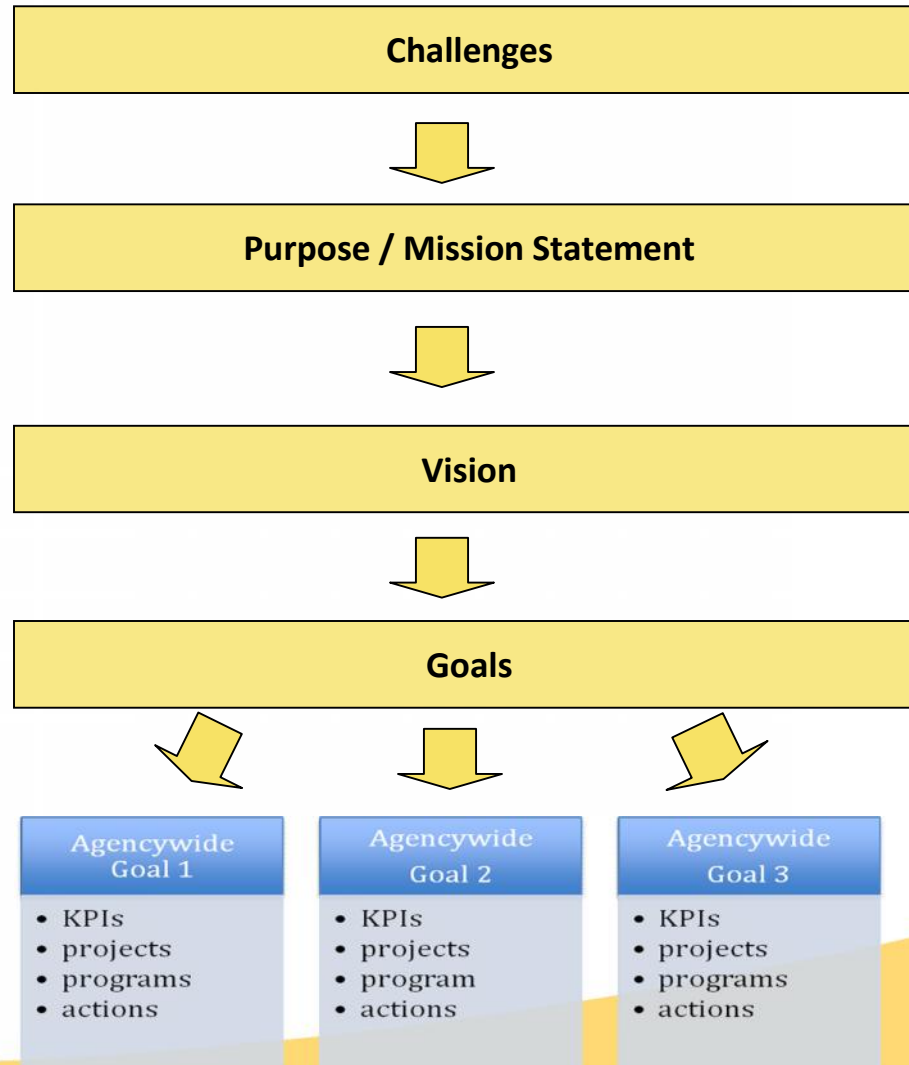
The identification of significant current and upcoming challenges will provide the background for RT’s 2014 vision and mission statements and will be used to create goals that aid in the realization of RT’s desired progress towards a stated vision statement. Draft changes to RT’s mission and vision statements and goals will be developed with input from RT staff and revised with input from RT’s Board of Directors and members of the community.

Strategic Plan Update- Organizational Challenges 2014

Sacramento Regional Transit District
Board of Directors Meeting
January 27, 2014



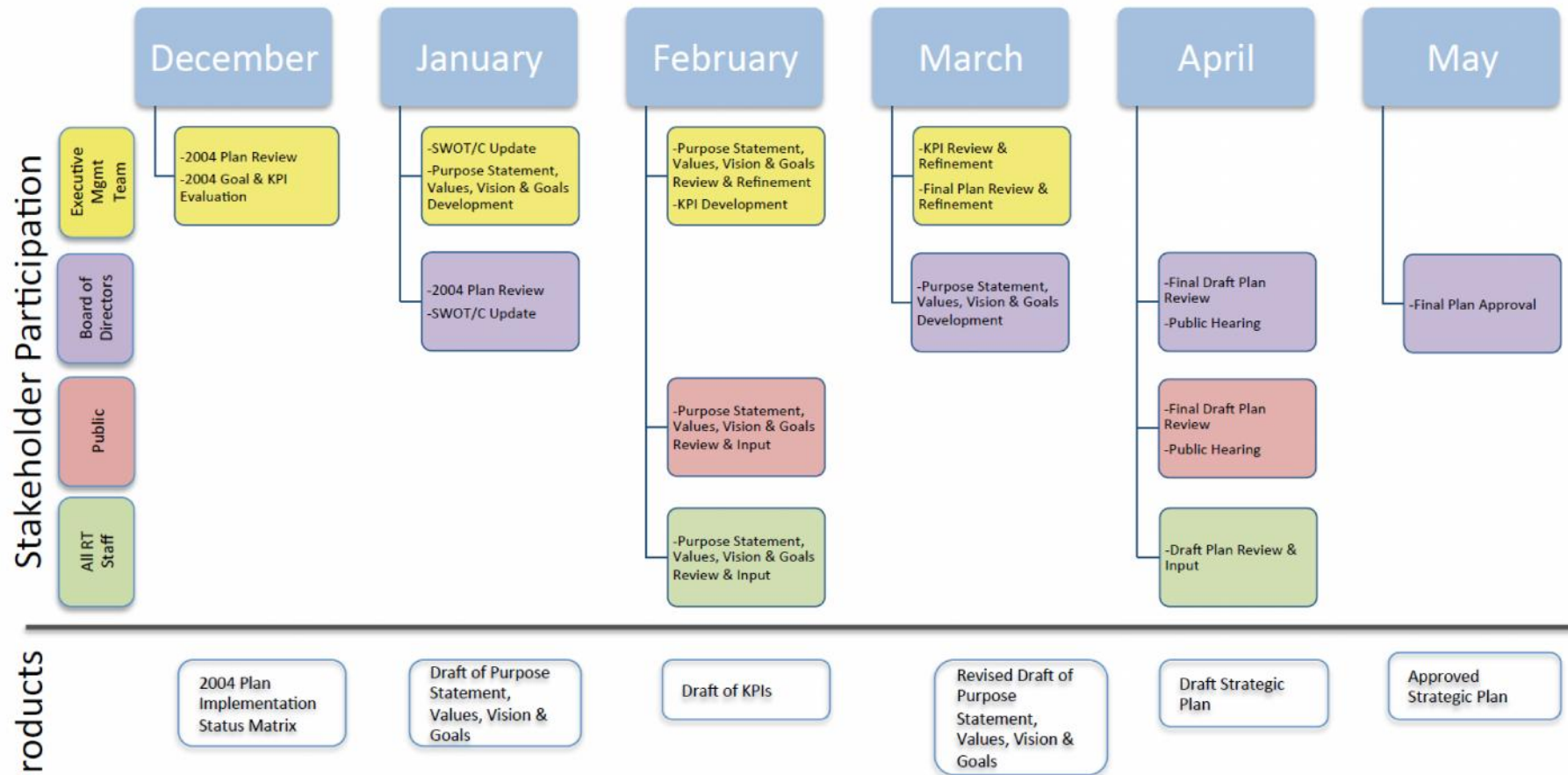
Strategic Plan Components



RT Strategic Plan Update Need

- Evaluate progress from and effectiveness of 2004 Plan
- Reflect current conditions and currently anticipated changes
- Transition from a Plan to management practices that implement the Plan.

Process & Schedule



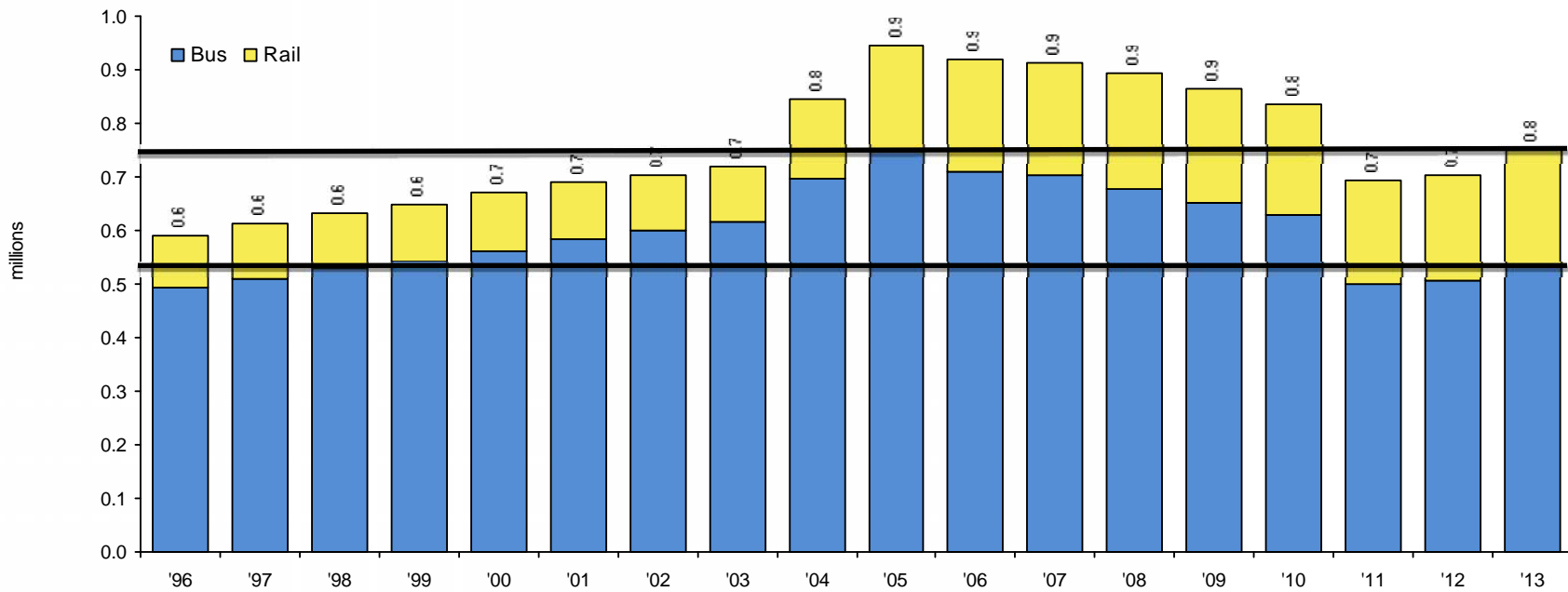
SWOT/C = Challenges
KPI = Key Performance Indicator

Direct Comparison Table

2004 - 2009 Strategic Plan Reported Figure	Latest Available Estimate	Indicator
1.2	1.4	Service Area Population (millions)
81	67	# of Bus Routes
3850	3300	Active Bus Stops
9	31	Active Bus & Light Rail Transfer Centers
26.9	38.6	Miles of Light Rail Track
31	50	Light Rail Stations
10	18	Park & Ride Lots
28	28	Annual Passenger Boardings (millions)
10.9	4.3	Light Rail Miles Under Construction

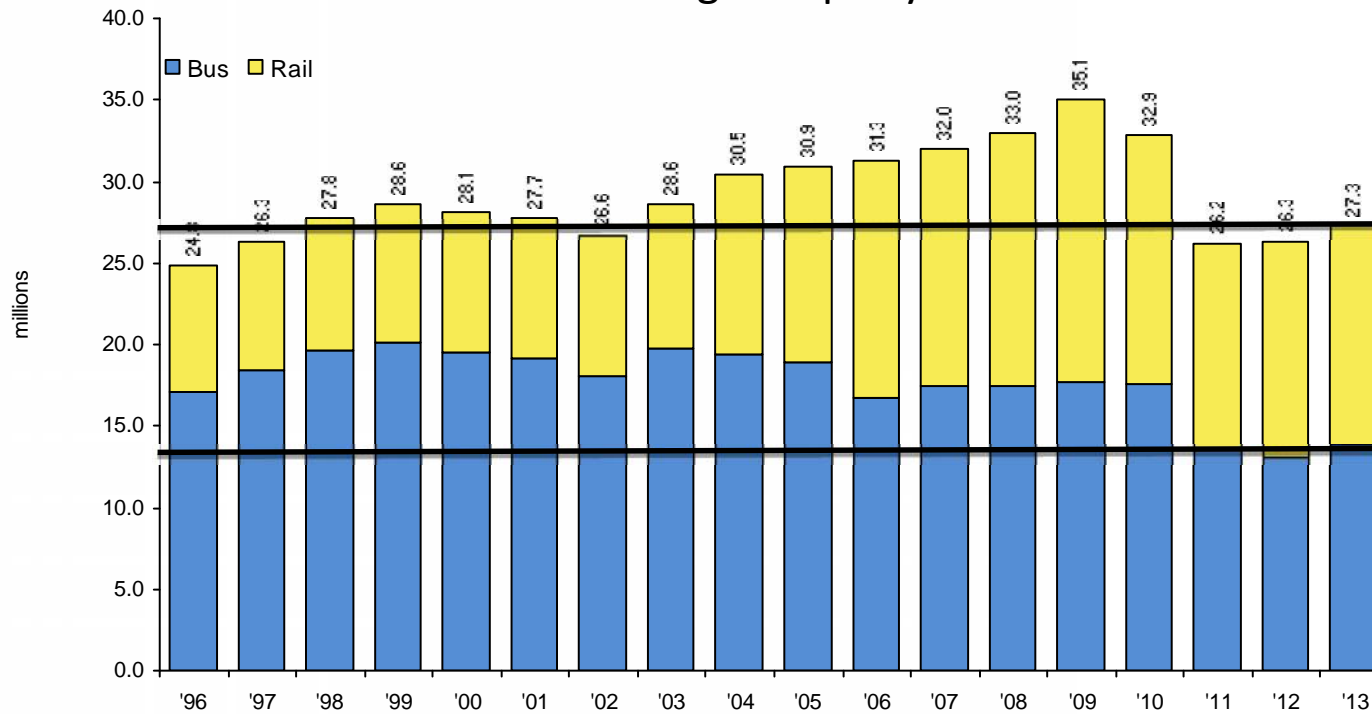
Service Offering Changes

Bus & Train Car Revenue Hours by Mode



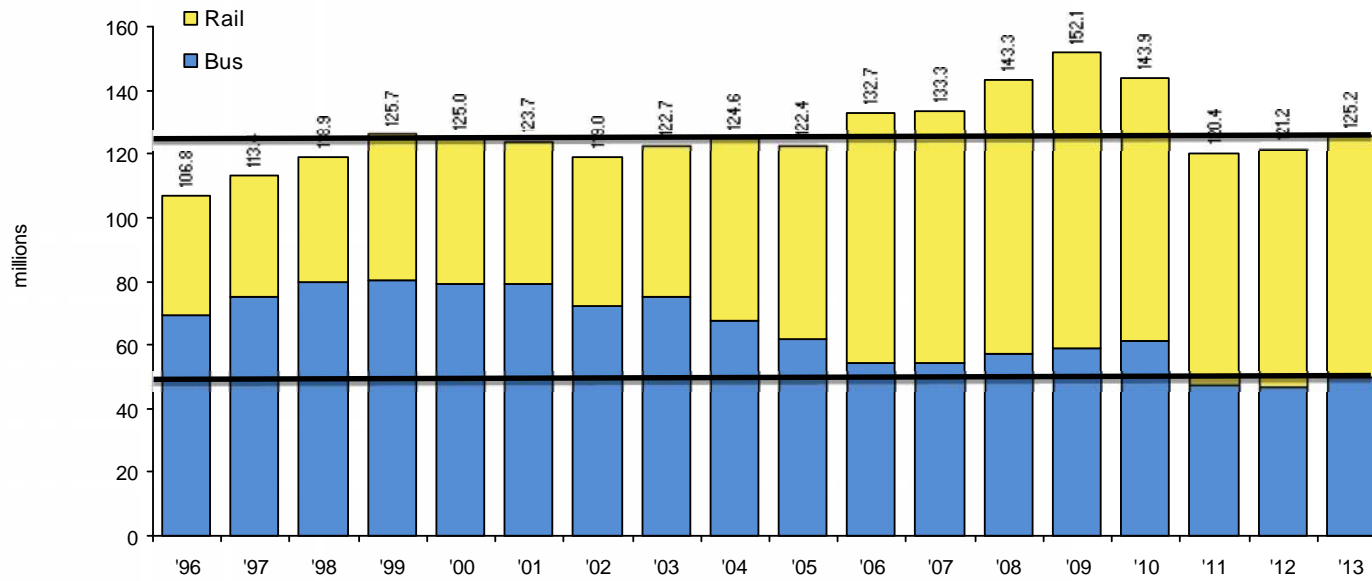
Service Consumption

Unlinked Passenger Trips by Mode



Service Consumption

Passenger Miles by Mode



Governance



Pat Hume
City of Elk Grove
Council Member,
District 4



Don Nottoli
County of Sacramento
Board of Supervisors,
District 5



Linda Budge
City of Rancho Cordova
Council Member



Roberta MacGlashan
County of Sacramento
Board of Supervisors,
District 4



Bonnie Pannell
City of Sacramento
Council Member,
District 8



Steve Cohn
City of Sacramento
Council Member,
District 3



Steve Miller
City of Citrus Heights
Council Member



Jay Schenirer
City of Sacramento
Council Member,
District 5



Steve Hansen
City of Sacramento
Council Member,
District 4



Andy Morin
City of Folsom
Council Member



Phil Serna
County of Sacramento
Board of Supervisors,
District 1



The Fundamental Challenges

Today, key challenges facing the Sacramento region that specifically impact public transit include:

- Rapid Regional Growth:** Significant growth, sprawl, increased traffic congestion and declining air quality. New patterns of growth have resulted in multiple activity centers in addition to the City of Sacramento—attracting and generating new regional travel demands.
- Societal Changes:** Profound demographic changes and life-style trends (i.e., aging, household size and composition, workforce changes) that result in much more complex and varied travel needs requiring more flexible transit service delivery strategies—in addition to conventional public transit services.
- Local Control:** Emerging local jurisdictions with strong official and citizen interest in establishing local prerogatives and greater local authority in funding allocation decisions. This fundamental change poses a challenge for RT to strategically rethink its traditional service model and work with its regional partners to advance a new regional consensus on public transit in the Sacramento region.
- Funding:** Regional funding needed to just maintain transit and highway infrastructure that far outstrips currently available resources.
- System Preservation:** Aging of RT's first generation physical infrastructure and personnel (particularly in key maintenance and operations areas).
- System Expansion:** The Metropolitan Transportation Plan for 2025 (MTP) approved by the Sacramento Area Council of Governments (SACOG) gives first priority to expanding the transit system—more than doubling light rail mileage and the bus fleet over the next 20 years. *These expansion plans require Measure A funding continuation at 2/3 percent by 2009, with half allocated to public transit—a 100% increase in local transit funding.*



Rapid Regional Growth

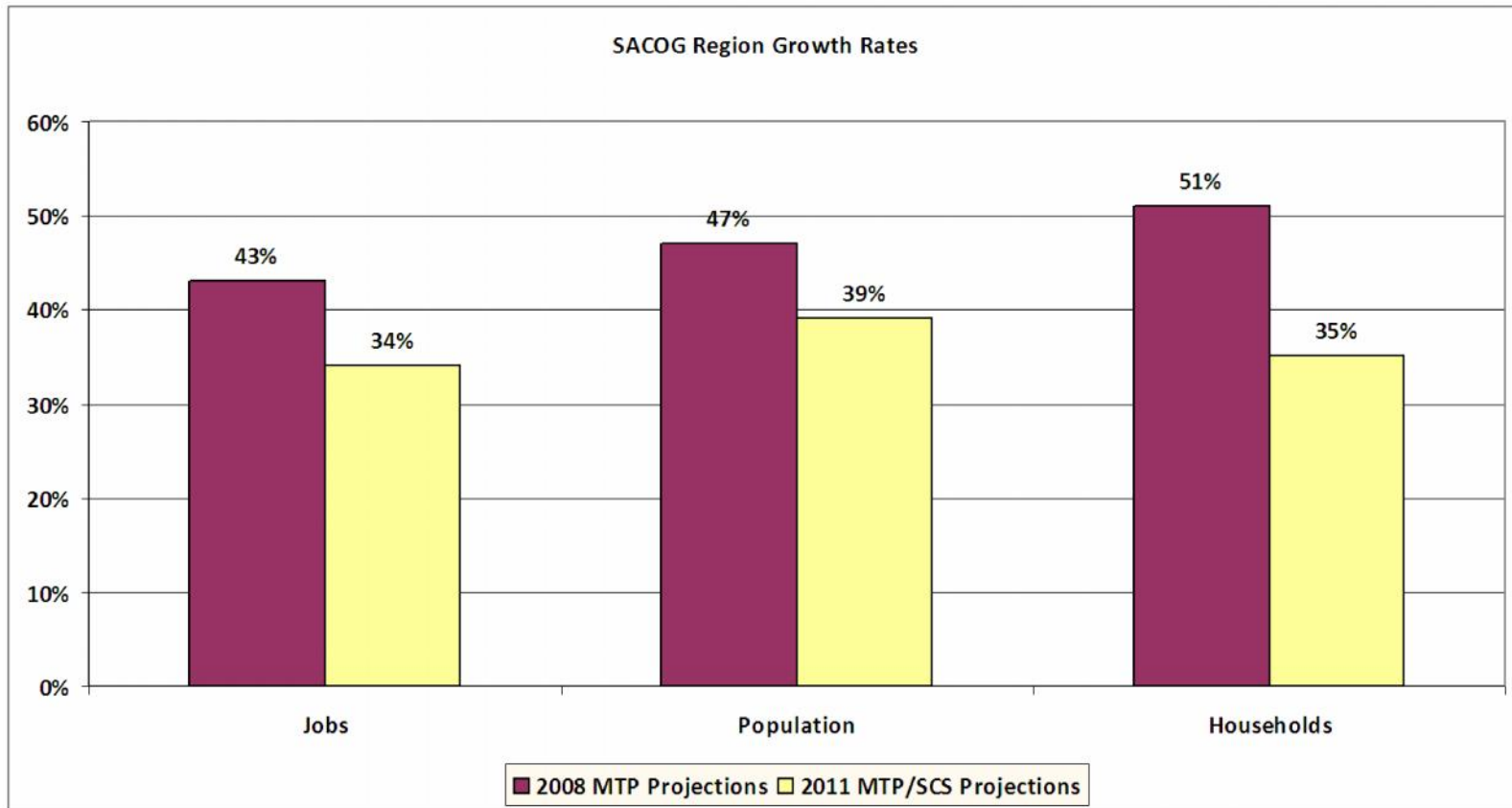
- Projection Accuracy: former prediction close to current estimates

Municipality / Population	DOF Estimates*		2005 Projections**	
	2010	2013	2010	2015
City of Citrus Heights	83,382	84,345	93,005	93,110
City of Elk Grove	152,652	159,074	142,619	169,462
City of Folsom	72,139	72,294	74,185	76,332
City of Rancho Cordova	64,024	66,927	67,293	97,645
City of Sacramento	466,740	473,509	481,034	506,630
Unincorporated Sacramento County	553,863	564,657	537,297	560,215
Total	1,392,800	1,420,806	1,395,433	1,503,394

*California Department of Finance Estimates

**SACOG 2005 Demographic Projections

Rapid Regional Growth



Growth projection:

The 2035 growth forecast indicates that population in the plan area is expected to grow by 871,000 people, an increase of about 39 percent, between 2008 and 2035. This forecast is lower than the 1.3 million people forecasted in the 2008 MTP, which had the same 2035 planning horizon, but used 2005 as the base year.

Rapid Regional Growth

Construction Growth

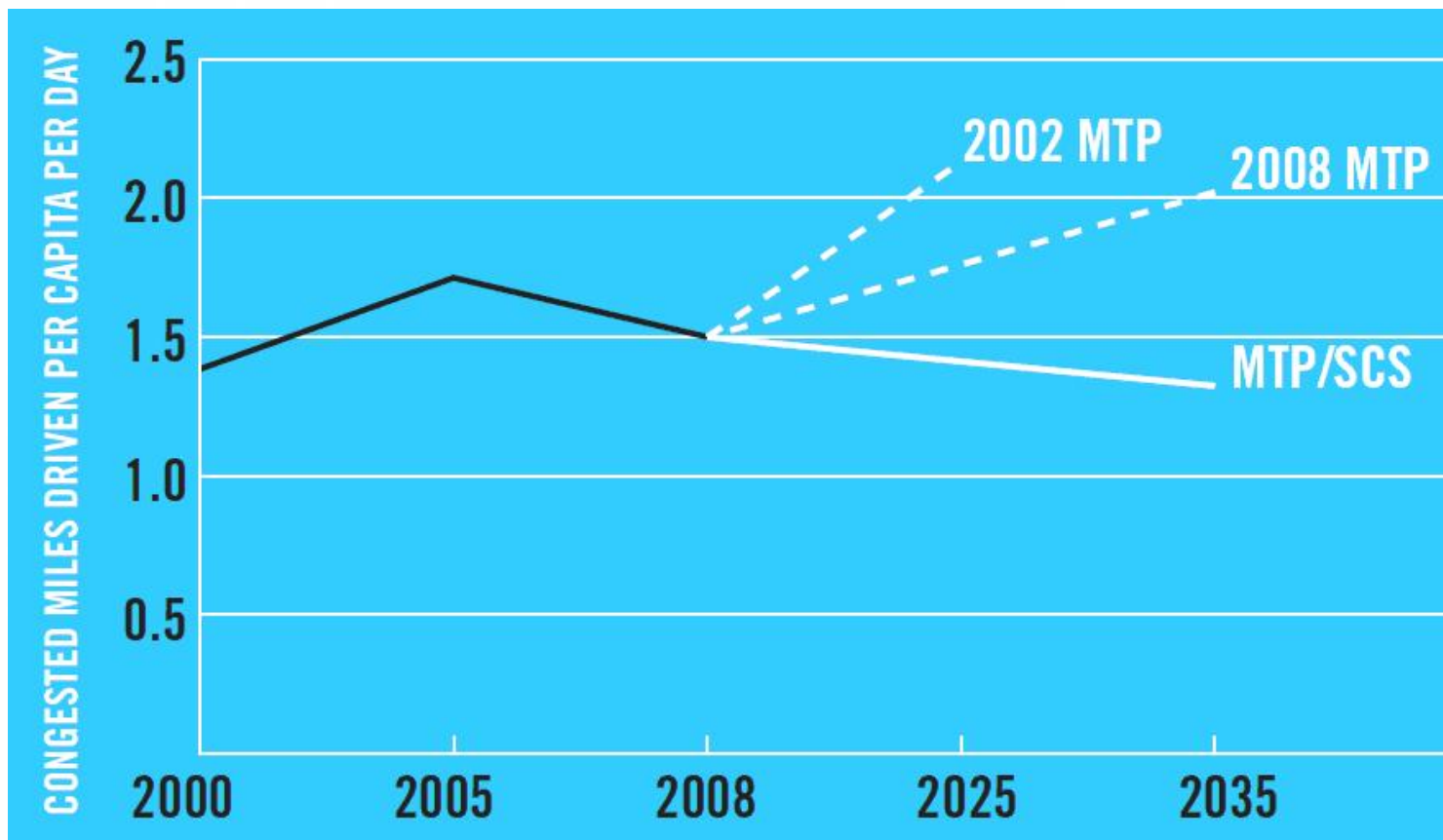
- Residential building permits fell by 80% in California between 2005 and 2009.

Construction pattern:

“Construction went from historic highs to unprecedented lows,” said Sacramento County Planning Director Leighann Moffitt.

Rapid Regional Growth

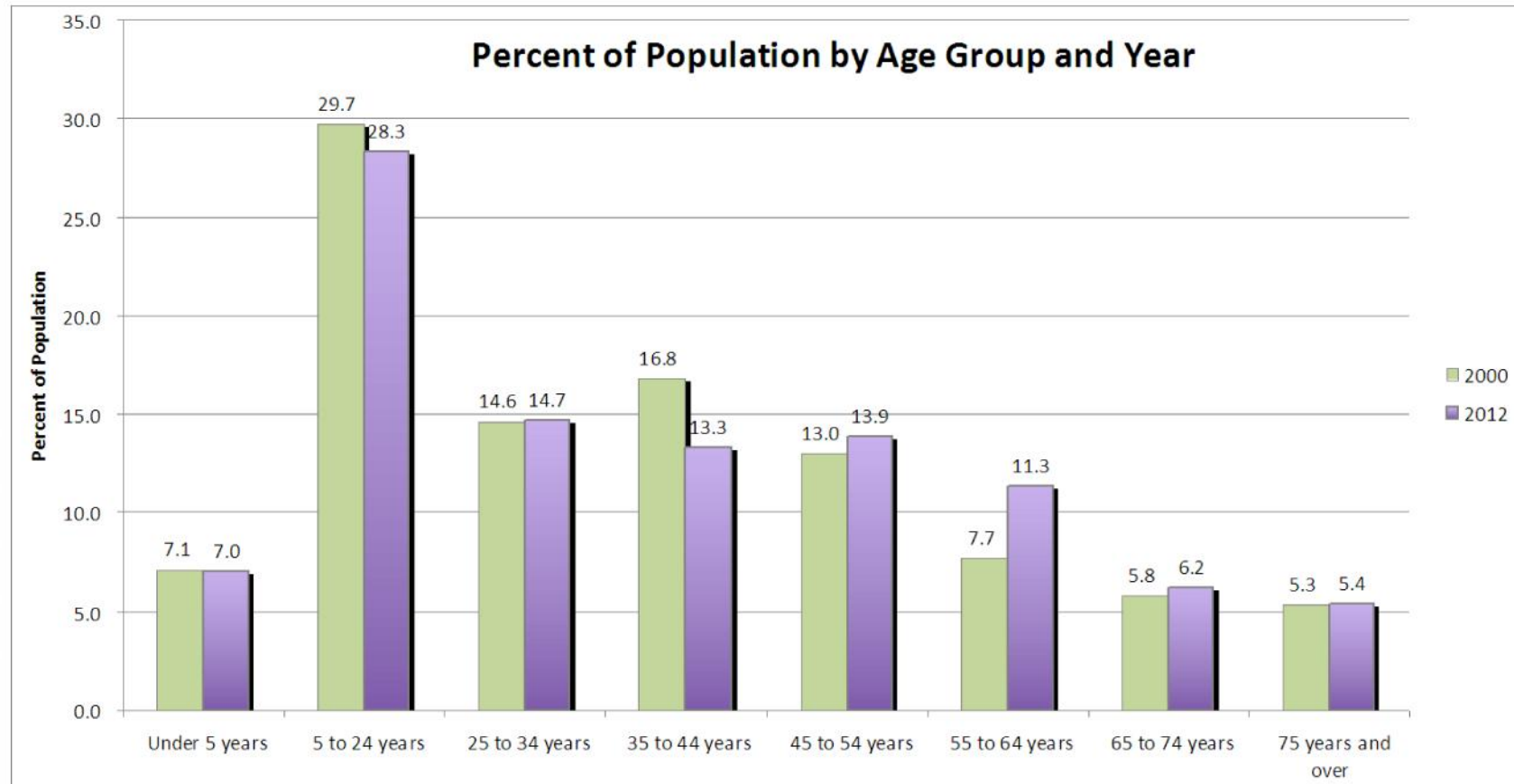
Congested Miles Driven



Source: SACOG, 2013



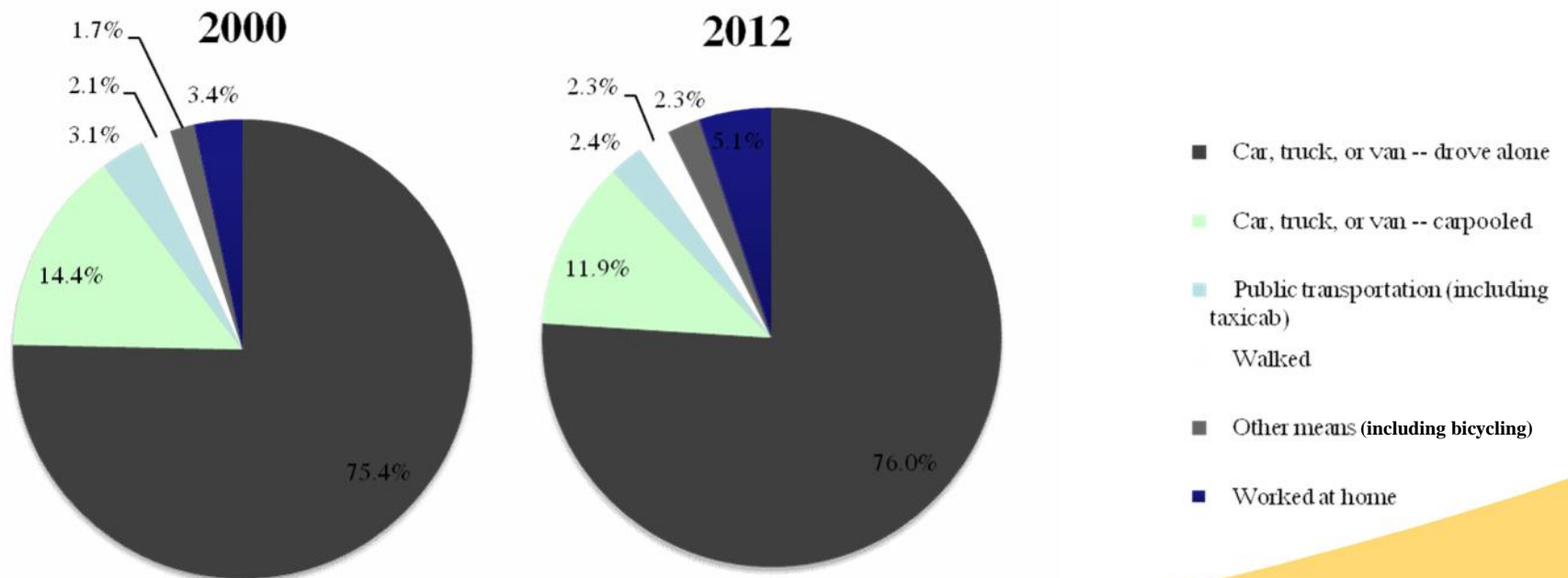
Societal Changes



Community Profile Statistic	2000	2012	% Change
Average household size	2.64	2.74	3.8%
Average family size	3.24	3.40	4.9%
Owner-occupied housing units	58.20%	56.30%	-3.3%

Societal Changes

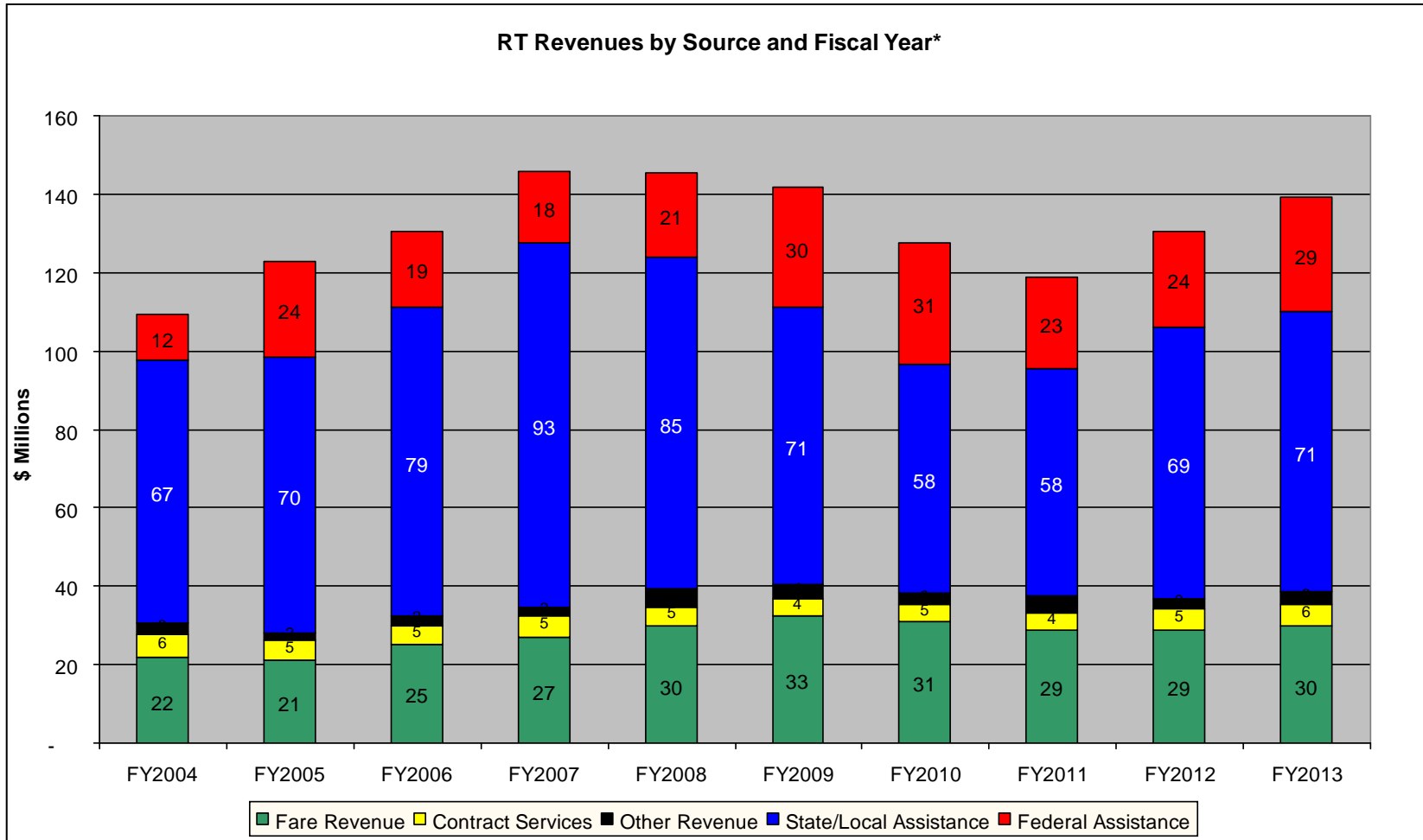
Commuting to Work Mode	2000	2012	Difference
Car, truck, or van -- drove alone	75.4%	76.0%	0.6%
Car, truck, or van -- carpooled	14.4%	11.9%	-2.5%
Public transportation (including	3.1%	2.4%	-0.7%
Walked	2.1%	2.3%	0.2%
Other means	1.7%	2.3%	0.6%
Worked at home	3.4%	5.1%	1.7%



Local Control

- RT Board Structure Changes
- Locally Initiated Transit Service
 - Cities
 - Elk Grove
 - Community Initiated Services
 - North Natomas Flyer
 - The McClellan Shuttle
 - CordoVAN (operated by RT)

Funding



*Not adjusted for inflation.

System Preservation

- Aging Infrastructure and Equipment
 - By 2023, RT will need
 - 280 buses for fixed-route and CBS services*
 - Funding currently secured for only 30% of needed buses
 - 26 new light rail cars**
 - Funding needs to be indentified and order placed by Fiscal Year 2017

**To maintain a 15% spare ratio and implement service levels identified in the TransitRenewal Plan.*

***To maintain existing service and capacity levels*

Internal Expertise

- Past Retirements: 5 year period peak at 25.3%

Year	Annual Statistics			5 Year Period Ending in Indicated Year		
	Total Retirees	Authorized Positions	% of Retirements to Authorized Positions	Total Retirees	Average Authorized	% of Retirements to Average of Authorized Positions
1996	25	758	3.3%			
1997	15	757	2.0%			
1998	14	793	1.8%			
1999	17	841	2.0%			
2000	21	881	2.4%	92	806	11.4%
2001	22	939	2.3%	89	842	10.6%
2002	32	1058	3.0%	106	902	11.7%
2003	28	1099	2.5%	120	964	12.5%
2004	29	1,236	2.3%	132	1043	12.7%
2005	52	1,255	4.1%	163	1117	14.6%
2006	43	1,233	3.5%	184	1176	15.6%
2007	38	1,235	3.1%	190	1212	15.7%
2008	60	1,233	4.9%	222	1238	17.9%
2009	47	1,204	3.9%	240	1232	19.5%
2010	94	928	10.1%	282	1167	24.2%
2011	25	935	2.7%	264	1107	23.8%
2012	41	984	4.2%	267	1057	25.3%
2013	27	999	2.7%	234	1010	23.2%
TOTAL	645					

Internal Expertise

- Upcoming Retirement Eligibility

Employment Status / Employee Group	AEA	MCEG	AFSCME	ATU	IBEW	Total
Active at 7/1/12	79	82	80	477	192	910
Eligible for Retirement by 12/31/18	40	51	43	286	124	544
% Eligible for Retirement in 5 years	51%	62%	54%	60%	65%	60%

Legislative & Funding Changes

- MAP-21
- CEQA Modernization Bill of 2013 (SB 743)
- Complete Streets Act of 2008 (AB 1358)
- Sustainable Communities and Climate Protection Act of 2008 (SB 375)
- California Global Warming Solutions Act of 2006 (AB 32)
- The Highway Safety, Traffic Reduction, Air Quality and Port Security Act of 2006 (Proposition 1B)



Current and Upcoming Challenges

- **Challenge 1:** Meeting the demand for cost-effective transit services that support livable communities and accommodate varying travel needs between and within communities.
- **Challenge 2:** Maintaining, replacing and improving existing infrastructure, vehicles and equipment.
- **Challenge 3:** Addressing the need for additional funding to provide quality services which meet community expectations.
- **Challenge 4:** Maintaining staff levels to ensure delivery of service.
- **Challenge 5:** Developing strategies to address legislative changes.