

General Manager's Report February 22, 2016

GOVERNMENT AFFAIRS UPDATE

Nothing to report at this time.

GENERAL MANAGER RECRUITMENT UPDATE

Oral report by Jay Schenirer.

SYSTEM-WIDE IMPROVEMENT INITIATIVES

A project management system and tracking matrix was set up in July 2015 to track the recommendations in Doug Carter's *Diagnostic Review* and other system-wide improvement initiatives.

The summary below provides a current status on the revenue enhancement and cost saving opportunities identified by Mr. Carter as requested by the Board at the January 25, 2016 Board of Directors meeting, as well as the other related initiatives designed to improve the overall quality of service for existing passengers and increase ridership:

Revenue Enhancement

- *CNG sales* – RT is selling compressed natural gas (CNG) to other public agencies and one private corporation at the McClellan site. Our 3rd party contractor began full public sales of CNG on February 1, 2016. We are also finalizing designs and permitting to construct a public fueling site at our Midtown site. The public will be fueling at market rate, and RT could generate public demand; however, it is too early to estimate how much this will generate in additional revenues.
- *Carbon credit sales and conversion from brown to green gas* – we are actively pursuing strategies to generate more money from the sale of carbon credits. RT has sold carbon credits through the California Low Carbon Fuel Standard (LCFS) program for the past four quarters (calendar year 2015) and earned \$257,000. Since we sold, the value of LCFS carbon credits has doubled and our switch to green gas has doubled the number of carbon credits that we are earning. We recently submitted and had our carbon pathway for our carbon index improved, which increases the number of carbon credits we will earn per therm of gas used. RT budgeted \$370,000 in revenues from these credits in FY16, and initial projections assumed that this improved carbon index could generate approximately \$740,000 of additional revenues. These figures were derived using estimates provided to RT by the Department of General Services. Light rail credits were added to the State program in January 2016 and the first sale will take place in Spring 2016. We are also earning credits at the federal level (Renewable Identification Numbers - RIN) for sale in Fall of 2016. The market rate for RINs can change dramatically from month to month, so it is difficult to estimate the revenue that will be earned through this program; we estimate a range of \$260K to \$900K annualized.

- *Sale of excess property* – RT is negotiating the sale of excess property, including three properties estimated at a total of \$2M in cash. Other properties are estimated at \$4M to \$10M in cash. If the money used to originally purchase the property has a federal source, then proceeds from the sale of the property must either be refunded to the US Federal Transit Administration or used to fund other capital projects with operating elements (such as labor related to construction), which could improve RT's financial position. The estimated revenue associated with the sale will be based on the net difference between what the District received in cash for the sale less what was initially paid for the properties.
- *Sale of fiber optic capacity* – RT is seeking federal approval to lease fiber optic capacity to commercial entities and is in the process of pursuing grant funding to improve fiber infrastructure. Although this idea is feasible, it will be some time (24 mos. estimate) before RT is able to realize revenue. The estimated revenue in this category is \$500K to \$1.5M annually.
- *Evaluate parking fee strategy* – it was recommended that RT consider charging for parking at end of the line stations in Sacramento and Folsom on a demonstration basis in order to increase revenue, and to consider raising parking fees. RT is analyzing the overall parking structure as it relates to encouraging the use of light rail to ESC events. We are charging for parking at the new Blue Line park-and-ride stations and have earned \$8,637 in additional parking revenue for the period of September 2015 through January 2016. The City of Folsom controls parking fees at lots in Folsom and at this time is not interested in charging a parking fee.
- *Update fare policy / change the role of fares* – as it relates to fares, Mr. Carter recommended an updated fare policy, considering changing the role of fares and the elimination of the unlimited ride pass for demand-responsive services. The RT Board of Directors approved an updated fare policy and farebox recovery policy in November 2015. We achieved a change in the Los Rios pass agreement, which was approved by the Los Rios College of Trustees and 96% of the voting Los Rios student population, that will significantly increase fare revenue from this rider group by about \$1.2M annually (net). Staff presented fare change consistent with the newly adopted fiscal responsibility policies on January 25, 2016. Staff is reviewing baseline budget assumptions, financial forecast, and feedback from the Board with respect to the fare increase. There will be an update as calculations progress.
- *Sell excess and beyond useful life vehicles* – RT is selling surplus revenue and non-revenue vehicles that have exceeded their useful life; total one time revenue is estimated at \$250,000. RT has sold a portion of the vehicles and earned approximately \$66,000.
- *Add retail concessions at stations* – as suggested, RT has updated its retail concessions program for light rail stations and is actively pursuing vendors. Although the revenue estimate is smaller (\$15K to \$20K annually), this program will assist in creating a sense of presence at stations and additional passenger amenities, which may lead to increased ridership over time.

- *Increase Passenger Inspection* – safety and security are key to the system-wide improvement efforts. Though transit crime statistics do not indicate any particular problems with security on the RT system, an increased perception of safety and a reduction in nuisance behavior will likely lead to increased ridership. An increase in passenger inspection and security presence will be a deterrent to nuisance behavior and create potential for increased ridership.

Doug Carter's review estimated \$1.7M to \$4.1M in increased revenue, with a \$0 to \$3.7M in increased cost, depending on the option utilized: 1) use guards, 2) use a new part-time inspector, 3) replace transit officers with guards, 4) add transit officers, or 5) add sworn officers. It is difficult to estimate the actual increased revenue because some percentage of the non-payers will stop riding. We believe the low end of Mr. Carter's revenue estimate (\$1.7M) is more realistic.

Starting in July 2015, staff began meeting with ATU leadership in an effort to find a way to increase the rate of fare inspection on the light rail system. The goal is to increase fare inspection to something more than 20% of our light rail ridership which would more than double today's rate of inspection. We also need to accomplish this within our current budget constraints.

Since August, we have been meeting over the concept of a new Fare Checker position. This position would be full-time and paid at the current top Community Bus Service Operator hourly rate of \$15.64. For reference, the top Operator rate is \$26.06 and the top Transit Officer rate is \$27.38.

The job of fare inspection has a lot of negative public contact and results in a high level of job dissatisfaction. The proposed hourly rate is 40% below a bus operator, giving Fare Checkers the economic flexibility to become operators rather than remaining in fare inspection if the job does not suit them.

The Fare Checkers would be focused almost exclusively on fare enforcement. We have provided a written proposal for a demonstration program implementing this concept. If the proposal is accepted, the demonstration program would continue for two years. Staff remains optimistic that ATU leadership will agree to a demonstration program as it would benefit both labor and management.

In addition to our discussions with the Union, we have also prepared for the next steps. The job description has been written and we have identified the level of training and training resources required for the new Fare Checkers. Basically, we are ready to move forward once we reach agreement with the ATU.

Cost Savings

Although Mr. Carter also identified several initiatives designed to reduce RT's operating costs, the majority are contingent upon negotiations with organized labor. The recommendations estimate significant cost savings overall, estimated at over \$13M. His recommendations were:

- *Reduce unscheduled absences (update absenteeism policy)* – Mr. Carter recommended several strategies to reduce unavailable operator work days, unscheduled absences,

and unscheduled overtime, with a potential savings of \$1 to \$1.5M. With Mr. Carter's support, employee absence data has been analyzed and a new absenteeism policy is drafted. The draft will be finalized in the next 45 days. Staff will present the policy and concept to ATU leadership. It is anticipated this program will be in place by Summer 2016.

- *Do not reward unscheduled absences with overtime* – as suggested, the draft attendance policy includes provisions to reduce the incentives to miss work and increase pay through working day off overtime. This element will require negotiation.
- *Change the Regular Run Definition* – staff and Chair Schenirer have engaged in discussions with the ATU leadership regarding a change in the regular run definition (alternative work weeks with 10 hour shifts) and *part-time operators*. However, some of these recommendations may not be realized before the current ATU contract expires in March of 2017.
- *Optimize Extra-Board Size* – this effort will be pursued as RT is able to increase operator staffing levels.
- *Consider demonstrating part-time service attendants/cleaners* – Mr. Carter's review included a recommendation to use current RT Service Worker vacancies to support a new lower-cost, and part-time, cleaner position. Staff has held a series of meetings with the IBEW, which is the union that represents Service Workers and Facilities Maintenance workers in the light rail, bus and facilities maintenance areas. The negotiation for the cleaner is progressing and we hope to reach an agreement within the next few weeks. IBEW leadership is evaluating a process to take the part-time cleaner position to a vote of the membership. We are in the process of filling a number of vacant service worker positions in the Light Rail and Bus Maintenance departments, and are evaluating appropriate staffing levels with consideration of the potential new position.
- *Implement contract with PBIDs for station cleaning* – the biggest change to RT's station cleaning approach in the last two years is the implementation of partnerships/MOUs with business improvement districts for station and stop cleaning. This approach provides more cleaning at a lower cost and allows us to utilize existing staff resources to cover remaining stations and deep clean (e.g., power washing) at stations where our PBID partners provide light cleaning (e.g., trash removal).

Additional Customer Service, Safety, and Cleanliness Enhancements

RT is taking a number of internal actions to make customer service a stronger element of agency culture and increase ridership. RT has used feedback from Mr. Carter's review and additional input from the community to make further enhancements in the area of customer service and cleanliness. These efforts are focused on increased customer satisfaction and growing ridership.

- *Implement smart phone-based ticketing* - a pilot program for smart phone based ticketing was launched in early January 2016, and will be followed with a Request For Proposals (RFP) for a full application. We had intended to release the RFP shortly after

the beginning of the pilot; however, with pending changes in the fare structure, as well as the recent retirement of the project manager, we now estimate that the full RFP will be released in the next few months, and in place in Summer 2016. Staff is evaluating possibilities to ensure a seamless transition.

- Implement smart phone-based reporting – staff is currently negotiating with a vendor for a smart phone application that will be used to report safety, security and cleanliness issues. As soon as the Notice to Proceed is issued, staff will begin work with the vendor on implementation.
- Cleanliness and state of good repair efforts underway include:
 - A new contract for bench and shelter cleaning is in place that will include the refurbishment or replacement of all shelters.
 - We are continuing to replace the older fabric seat coverings in light rail vehicles with vinyl.
 - We began operating 30 new Gillig CNG buses in 2015. These are the first of 96 new buses. The remaining 66 buses will be delivered and placed in service in 2016.
 - We are looking for additional opportunities to improve the look of the interior and exterior of light rail vehicles, including vehicle wraps and advertising.
- *Update to Prohibited Acts Ordinance* – RT's Prohibited Acts Ordinance was amended and approved by the Board in July 2015 in order to create paid fare zones and more effectively address nuisance behavior. RT's authority to enforce Paid Fare Zones in light rail stations is now in place. The striping and signage required for the program are nearly complete. A public education campaign will commence within the next couple of months so that the public has an opportunity to adjust to the paid fare zones.
- *Changes to Title VII of RT's Administrative Code* – In November 2015, the RT Board approved an update to the rules that set forth a "code of conduct" for RT's passengers. These rules cover nuisance conduct where a passenger may be asked to cease and desist, asked to leave the vehicle, or be removed from the vehicle. The RTPS is currently conducting an education campaign with customers regarding the changes in these rules.
- State Legislation (SB 413) on Prohibited Acts – A California Transit Association (CTA) sponsored measure related to prohibited acts was recently signed by the Governor and went into effect in January 2016. This Bill will enable both criminal and administrative enforcement of priority seating on transit vehicles, and will open the administrative process for youth offenders.
- Security efforts underway include:
 - A public address system will be installed at light rail stations that will allow RT Police Services to communicate with passengers regarding safety and security

issues (scheduled for completion in Fall 2016). This system will also audibly announce the information on the passenger information signs.

- A contract is in place with Sacramento Steps Forward for a homeless navigator to positively address issues of homelessness on the system, by providing assistance to locate services and shelter for homeless individuals on the RT system (contract began January 4, 2016);
- RT Police Services is implementing a pilot Rider Watch program modeled after the Neighborhood Watch program (development in process); and
- The station improvement plan includes upgrades to station lighting and security systems such as replacement of existing lighting with LED lighting and additional security cameras.
- In addition to the enhancements already described, planned system-wide station improvements are focused on station maintenance and improvements consistent with a state of good repair maintenance program, and designed to make RT more attractive to riders. We have identified physical improvements at nearly all RT stations that will be funded through the capital program (e.g., paint, lighting, security equipment, and fare equipment).

RT CALENDAR

Regional Transit Board Meeting

March 14, 2016
RT Auditorium
6:00 P.M

March 28, 2016
RT Auditorium
6:00 P.M

April 25, 2016
RT Auditorium
6:00 P.M

Mobility Advisory Council

March 3, 2016
RT Auditorium
2:30 P.M

May 5, 2016
RT Auditorium
2:30 P.M

Quarterly Retirement Board Meeting

March 16, 2016
RT Auditorium
9:00 A.M

June 15, 2016
RT Auditorium
9:00 A.M

September 14, 2016
RT Auditorium
9:00 A.M

Paratransit Board Meeting

March 24, 2016
Sutter Senior Care
1234 U Street
Sacramento, CA
6:00 P.M

May 26, 2016
2501 Florin Road
Sacramento, CA
6:00 P.M