



**DATE:** September 27, 2019  
**TO:** Board of Directors  
**FROM:** Barrow Emerson, Planning & Development Director  
**SUBJECT: ACCEPT AND FILE METRO PLANNING AND MARKETING ANNUAL  
STATUS REPORT**

**I. RECOMMENDED ACTION**

**This report is for informational purposes only. No action is required.**

**II. SUMMARY**

- It has been one year since the last Santa Cruz Metropolitan Transit District (METRO) Planning Department Annual update.
- In the three years since the major service reduction in fall of 2016, METRO has generally maintained its ridership level, in spite of the national trend of shrinking public transit use.
- Growing UCSC and Cabrillo ridership has offset losses in Highway 17 Express and other local service use.
- There are a small number of poor performing routes that continue to be monitored for opportunities to improve.
- The primary service related initiative during fiscal year 2019-20 will be planning for the introduction of the Watsonville Circulator in 2020; a service intended to enhance local mobility between various local trip generators and attractors.
- Operation of this pilot project will be funded for its first year by a grant from the Monterey Bay Air Resources District (MBARD) using a zero-emission electric bus acquired through a State of California grant.
- METRO recently completed its first on-board survey of riders since 2012. This research was done to identify rider travel patterns and fare payment methods, customer demographics, and overall satisfaction among riders with results to be used in the development of service and other planning and marketing initiatives.

- The Planning Department is also executing a number of other significant initiatives during the next fiscal year, described in more detail later in this report.
- The Planning Department has also identified priorities for additional service when, or if, additional recurring operating funds were to become available.
- As of May 2019, METRO has its first Marketing, Communications, and Customer Service Director who will support and improve the quality of service planning initiatives and introduction of other new customer amenities.
- Staff requests the Board accept and file this Service Planning Update.

### **III. DISCUSSION/BACKGROUND**

Since the completion of the Comprehensive Operational Analysis (COA) service reduction in the fall of 2016, the Planning Department has provided an annual status on service planning and other department initiatives.

#### **System Performance Since 2016**

In September 2016, in response to a \$6 million annual operating budget structural deficit, METRO implemented a service reduction of almost 19% in weekly trips.

Prior to the COA, annual fixed route ridership was approximately 5.5 million. In the first year following this service reduction, ridership dropped approximately 8% to a little over 5 million annual fixed-route boardings. Since that time, METRO ridership has relatively settled at approximately 5 million riders per year. See Graph 1 in Attachment A.

Key features/components of this ridership include:

- UCSC - The five UCSC oriented routes are all strong performers, with METRO and the University constantly working together to address overcrowding and route schedule issues, which are complicated as class start times change by day of the week. The success of the articulated bus lease pilot project led to METRO acquiring four articulated buses from VTA that are now operating on fixed routes serving UCSC. With the passage of an increase in the student transportation fee in May 2019, there may be an opportunity for the University to pursue additional services in the future. See Graph 3 in Attachment B.
- Cabrillo College – In response to the threat of reduced bus service, Cabrillo students self-assessed a student transportation fee in the fall of 2016 to save

fixed route services to the college. Over the last three years, Cabrillo ridership has grown from 271,984 to 309,248. Decreasing enrollment has led to Cabrillo reducing its annual funding commitment resulting in fewer Route 91X School Term (ST) trips starting in fall 2019. See Graph 4 in Attachment B.

- Hwy 17 Express – This over-the-hill commuter service has seen a continued decrease in ridership over the last three years. Yet, the annual decrease in FY19 was only 1.7%, whereas ridership decreased 4.4% and 9.9% in FY18 and FY17, respectively.
  - Greater access to private vehicles negatively affects transit ridership. New vehicle registrations in California exceeded 2 million from 2015-2018. However, new vehicle registration rates declined in 2017 and 2018 and may decrease by as much as 4% in 2019.
  - Increased telecommuting for work results in less riders utilizing transit 5 days per week. A recent on-board survey indicates that almost one-quarter of the Hwy 17 riders utilize the service 1-3 days per week. While, the majority of those respondents were students, at least 7 percent indicated that they were traveling for work. See Graph 1 in Attachment B.
- Local ridership increased .05% in FY19. This is the first fiscal year since the service reduction in FY17 that METRO experienced a ridership increase on local service.
  - This .05% increase is primarily due to the 3.0% increase in student ridership. UCSC and Cabrillo ridership increased 2.9% and 4.3%, respectively.
  - A recent on-board survey indicates that 55.9% of respondents stated that they ride METRO 5 or more days per week. 20.1% of those respondents stated that they were students. See Graph 2 in Attachment B.

National trends – METRO essentially maintaining its ridership level over the last two years runs counter to nationwide bus ridership performance, which is seeing a projected 2.7 percent annual decrease on average. See Graph 2 in Attachment A.

Reasons for this include:

- Car ownership (See Graph 1 in Attachment C)
- Cost of transportation, including fuel (See Graph 2 in Attachment C)
- Employment (See Graph 3 in Attachment C)

### Current Route Performance

The Planning Department provides the Board with a quarterly ridership report, including an analysis of route performance as expressed by the average boardings per trip on each route.

In the transit industry, a rule of thumb is that there needs to be an average of approximately 10-15 boardings per trip for a service to be considered effective, depending on the type of service (rural, local, regional, intercity). In general, most METRO routes perform well, which suggests that generally the level of service is correct, relative to demand and financial capacity to provide service.

METRO has a small number of routes that do not achieve these transit industry standards. Among these are:

- Route 79, a historically poor performer, was modified in June 2018 to eliminate the Pajaro loop and add service in central Watsonville. Ridership on this route continues to remain low and it is planned to consider further modifications of this service in conjunction with introduction of the Watsonville Circulator in fall 2020, using new electric zero-emission buses.
- Route 3 low ridership is assumed to be a result of its poor frequency and span of service and will be considered for modifications in conjunction with other west side Santa Cruz and UCSC oriented services in the future.

### Fiscal Year (FY) 2020 Service Planning Activities

Planning is underway for the introduction of new zero-emission bus circulator service to the Watsonville area in the latter half of 2020. Introducing a new circulator will allow METRO to grow the local bus network and expand mobility options for the Watsonville community by connecting local origins and destinations.

- METRO received a 2016 Low Carbon Transit Operations Program (LCTOP) grant from the State for an electric bus to operate as a Watsonville Circulator, intended to link common origins and destinations around Watsonville at a convenient frequency.
- METRO also received LCTOP grants in 2017 and 2018 for a total of almost \$620,000 allowing METRO to purchase a second electric bus for Watsonville services.
- The Monterey Bay Air Resources District awarded METRO \$200,000 in funding for the initial year of operation of this service.
- Outreach for planning of this initiative will start in the fall of 2019 with instigation of the service to follow in early 2020, based on the delivery date of the new electric bus.

### Fiscal Year (FY) 2020 Marketing Support

- The Watsonville Circulator is an important new service that, if successful, may grow to include similar models for other Santa Cruz County communities. Marketing support to help educate the community about the new service will be important to determining its success. Outreach Initiatives will include:
  - Community Celebration to Mark the Launch of Service
  - Specially-wrapped bus to promote the benefits of electric buses
  - Targeted marketing through a combination of geo-targeted electronic ads, print advertising in local publications, social media promotion
  - Promotion in Headways and on interior bus ad cards
  - Promotion via the website

### 2019 On-Board Survey

METRO recently completed its first on-board survey of riders since 2012. This research was done to identify rider travel patterns and fare payment methods, customer demographics, and overall satisfaction among riders.

Key findings from the Onboard Transit Rider Survey for Local Routes:

- METRO is held in high esteem based on overall ratings. Nearly 80 percent rated METRO service as either “good” or “excellent”.
- The most preferred service improvement for local riders was “more buses/increased frequency”.
- Holiday service level was the lowest-rated service attribute, with only 44.2 percent rating it as “excellent” or “good”.
- The most frequently cited reason for riding METRO was “work” (31.7 percent).
- Nearly 75 percent of the riders surveyed reported their current trip would be “single-seat” with no need to transfer.
- Nearly 60 percent of the riders surveyed indicated riding METRO five or more days per week.
- Nearly 35 percent of the riders surveyed used their college ID to pay for their one-way trip.

Key findings from the Onboard Transit Rider Survey for Highway 17:

- METRO is held in high esteem based on overall ratings. More than 84 percent rated METRO service as either “good” or “excellent”.
- The most preferred service improvement for Highway 17 riders was “more buses/increased frequency”.
- Weekend service level was the lowest-rated service attribute, with only 47 percent rating it as “excellent” or “good”.
- The most frequently cited reasons for riding METRO were “work” (30.8 percent) or “school” (30.8 percent).
- More than half of the riders surveyed (57.3 percent) reported their current trip would be “single-seat” with no need to transfer.
- More than 40 percent of the riders surveyed paid for their one-way trip with a 15-ride or 31-day pass.

METRO will continue to review and consider on-board survey responses as we respond to service requests and develop planning and marketing initiatives going forward.

Other Initiatives

The Planning Department is developing a number of other significant planning initiatives which are generally attempting to either attract new riders and/or enhance the rider experience through improved customer service features including technology and communication enhancements.

As of May 2019 METRO has its first Marketing, Communications, and Customer Service Director who will support and improve the quality of service planning initiatives and introduction of other new customer amenities.

A recent on-board rider survey, METRO’s first in seven years, has provided significant insights relative to future system improvements.

- **City of Santa Cruz Downtown Bus Pass-** Starting in fall 2019, METRO and the City of Santa Cruz will offer a free “Eco-Pass” one-year bus pass pilot project to all (over 4,000) downtown employees. This project aims to increase METRO ridership while reducing the demand for parking in downtown Santa Cruz.

### **Marketing Support**

- Outreach table at Pacific Station to support pass sign-ups for downtown employees
- Posters at Pacific Station
- Onboard advertising (interior ad cards)
- **AVL-** METRO is currently installing automatic vehicle locators (AVL) on its fleet. As of late this year, this will allow the public to track real-time bus locations from a smartphone application.

### **Marketing Support**

- Press release launch
- Brochure detailing the new app
- Promotion in Headways
- Promotion on interior ad cards
- Radio promotion – traffic spot
- Social Media and Website Promotion
- Paid geo-targeted online advertising
- Outreach tables at Watsonville, Scotts Valley, and Pacific Transit Centers
- **Non-Rider Survey-** METRO will conduct a non-rider survey in the community in an effort to gain insight into how the agency could improve service and attract those who do not currently utilize public transit. This follows an on-board survey of METRO riders in spring 2019 which has given METRO insights to rider priorities, travel patterns, use of communications and fare payment technology which the Planning and Marketing/Customer Service departments will use to meet our rider's needs.
- **Alternatives Analysis-** Beginning in fall 2019 METRO and the Santa Cruz County Regional Transportation Commission (RTC) will initiate a transportation mode alternatives analysis for the county's central rail corridor, which is scheduled to be completed in early 2021. This analysis will provide guidance for planning for the long-term use of the Santa Cruz rail corridor.
- **Pacific Station-** METRO and the City of Santa Cruz will continue planning to determine the feasibility of a redevelopment of Pacific Station in conjunction with

additional residential, commercial, and retail space, on a footprint including the existing Pacific Station and City property including the NIAC building on Front St. and the adjacent small parking facility on Pacific Ave. The goal is for the two agencies to together pursue grant applications for funding this redevelopment; one application to the federal BUILD program and one to the State of California Affordable Housing and Sustainable Communities program.

- **Strategic Business Plan-** In the spring of 2020, staff will provide the first annual update to METRO's first 10-year (FY20-29) Strategic Business Plan adopted in June 2019, which identifies Key Tactical Initiatives to be pursued that will support METRO achieving its seven Strategic Business Plan Priorities as identified in the Plan.
- **Fare Restructure-** Per Board action on March 23, 2018, METRO chose to postpone continued analysis of a Fare Restructure project until the end of 2018 to see the result of the November 6, 2018 ballot measure Proposition 6, the SB-1 repeal effort, which could have seriously damaged METRO's financial position. In FY20, staff will restart discussions with the Board related to opportunities to improve fare payment technology and the fare structure. Then staff will work with the Board Finance, Budget and Audit Standing Committee to explore fare-restructuring recommendations.
- **Micro-Transit-** In the second half of FY20, METRO will propose an on-demand non-fixed-route pilot-project. Many transit districts are starting to consider "micro-transit", a technology that offers flexible routing and/or flexible scheduling of non-fixed route vehicles. Micro-transit uses instant exchange of information, enabling real-time matching of demand (trip) and supply (driven vehicle), which can extend the accessibility of the transit system. Possible pick-up/drop-off stops are usually pre-defined to allow better routes' optimization. Conceptually, micro-transit fits somewhere between private individual transportation (cars or taxicabs) and public mass transit (bus).

Some transit agencies are developing relationships with companies such as Uber and Lyft, to supplement their fixed-route and paratransit services. Staff will investigate opportunities for METRO to use these types of services and will return to the Board in 2020 with a status report.

- **Hwy 1 Bus On Shoulders-** METRO is coordinating with the Santa Cruz County Regional Transportation Commission (RTC) and Caltrans to implement this project in conjunction with the RTC Auxiliary project. METRO has contributed funding for environmental and design phases for the first segment of this project, (Soquel Drive to 41<sup>st</sup> Ave.) which, pending funding, is projected to go to construction in the fall of 2020 and could be operational by the summer of 2022. The next two segments (Bay Ave/Porter St. to State Park Dr. and State Park Dr. to Freedom Blvd) are yet to be scheduled.



- **Ongoing Coordination with UCSC and Cabrillo** –UCSC and METRO have a contractual arrangement for bus services through the 2019-20. METRO and Cabrillo have executed a three-year (2018-19 through 2020-21 school year) contract (plus an option for two additional years) to extend the two-year initial student bus pass program. METRO will continue to coordinate with Cabrillo to provide the optimum bus service to meet student needs.
- **Capitola Mall-** METRO is working with developer Merlone Geier and the City of Capitola as they establish a new retail and residential property on the current footprint of the Capitola Mall. Their designs will create a new transit center space for METRO use. Staff will offer updates as the project progresses.
- **Bus Replacement Plan-** Planning will monitor the METRO fleet for progress towards reducing the number of buses beyond their useful life. This program allows the Grants and Finance departments to make the most efficient use of our limited capital budget and maximize the likelihood for METRO to receive grant funding for future bus replacements.
- **Mobile Ticketing-** In the first half of FY20, METRO will introduce a mobile ticketing pilot program on Hwy 17 express service. Mobile ticketing will allow riders to purchase bus passes directly from a smart phone app. This will increase customer convenience, while decreasing boarding time as fewer riders pay with cash onboard.

#### **Marketing Support**

- Press Release and Scotts Valley event launch
- Print and online paid advertising
- Highway 17 tabling event to promote downloads
- Posters at all locations where we currently have TVMs
- Interior ad card promotion
- Headways Promotion
- Website and Social Media Promotion

#### **Mid-to-Long-Term Priorities for Fixed-Route Service Expansion**

Given METRO budget limitations, opportunities for service enhancements are limited at this time.

As is standard transit industry practice, the Planning Department maintains a prioritized list of service needs, sometimes referred to as “unmet needs”, so that if at any time there is additional recurrent operating funds available for the introduction of additional effective service, the priorities are clear. Currently, the Planning Department sees the following needs as the most important:

- Route 35/35A evening frequency – As this San Lorenzo Valley (SLV) route alternately serves two legs beyond Boulder Creek, the limited evening frequency makes for extremely poor level of service on these legs.
- Areas of the County that have population densities and demographics, which suggest that additional span of service and frequency, could generate additional ridership. The corridor between Capitola and downtown Santa Cruz is seen as a key opportunity for service improvements, including:
  - Frequency – Hourly service during the peak demand and 90 minutes off peak times do not allow the public to use these services spontaneously.
  - Span of service - Routes for which service starts too late in the morning or ends too early in the evening, both weekdays and weekends, do not meet work trip needs, particularly for those in the service industry. Nor do these limited spans meet the general mobility needs of County residents.
- Rural routes with limited daily trips.

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

There is no financial impact related to this status report

#### **V. ALTERNATIVES CONSIDERED**

There are no alternatives to consider.

#### **VI. ATTACHMENTS**

- Attachment A:** Annual METRO and National Bus Ridership
- Attachment B:** Annual METRO Ridership Breakdown
- Attachment C:** Annual Economic Indicators

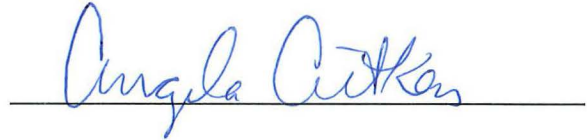
Prepared by: Barrow Emerson, Planning & Development Director

**VII. APPROVALS**

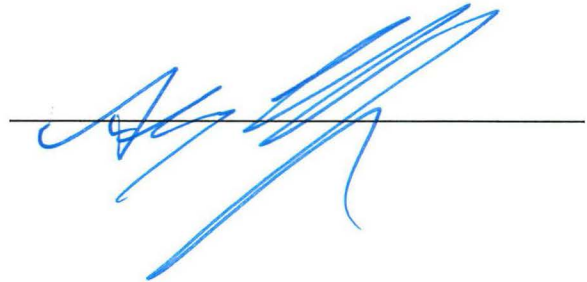
Barrow Emerson,  
Planning and Development Director

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Approved as to fiscal impact:  
Angela Aitken, CFO

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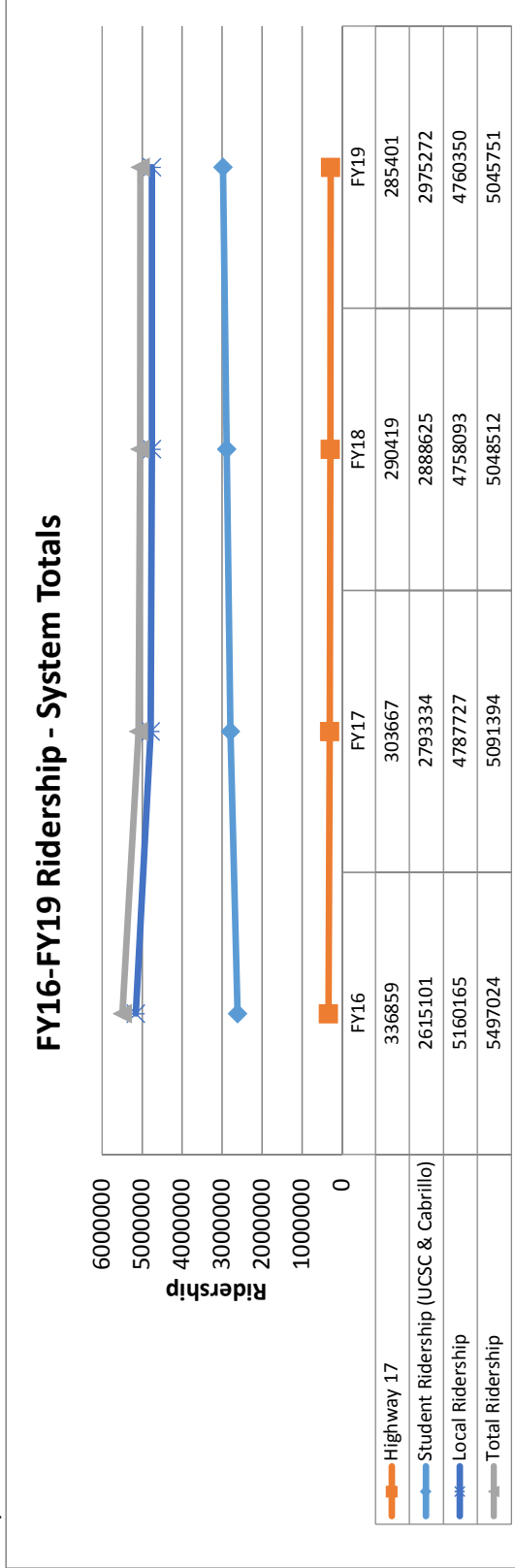
Alex Clifford, CEO/General Manager

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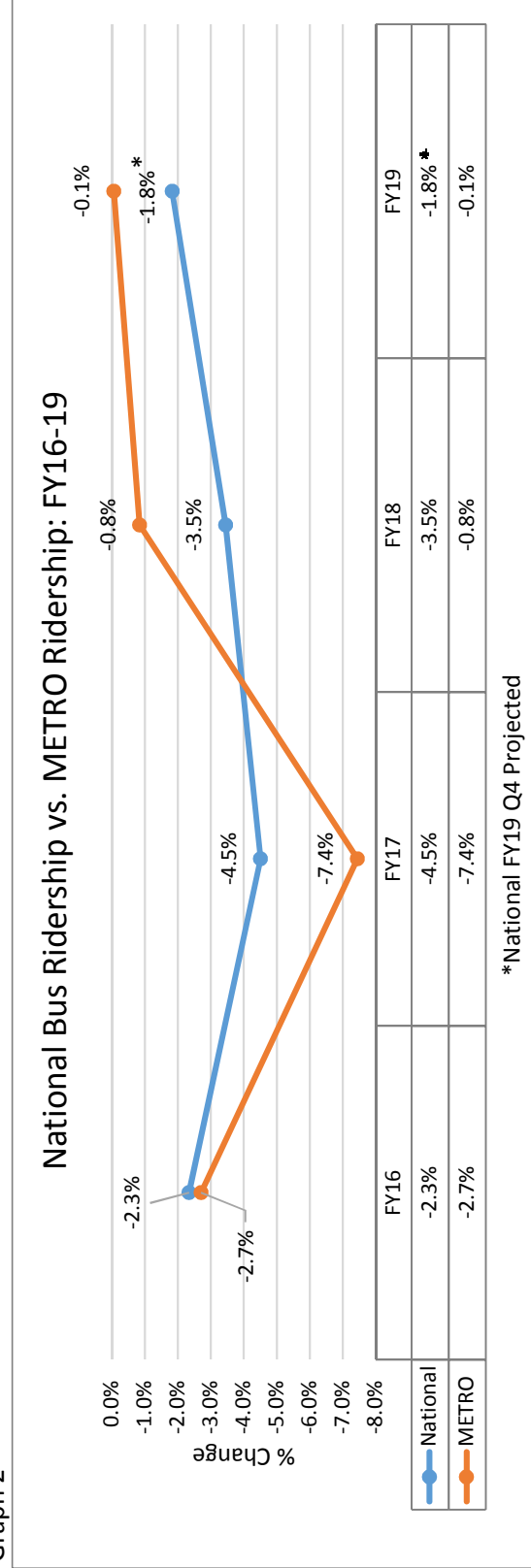
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## Annual METRO and National Bus Ridership

Graph 1



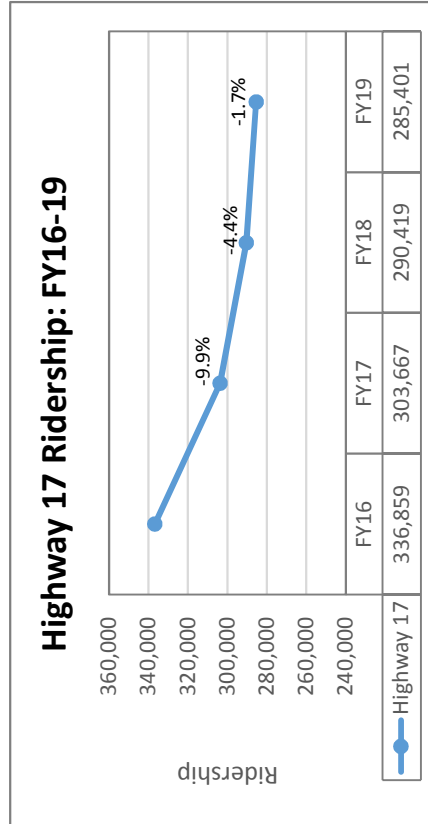
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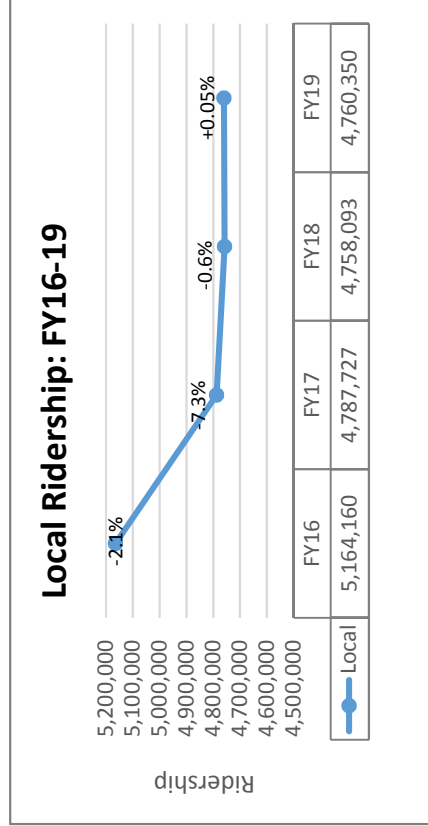
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## Annual METRO Ridership Breakdown

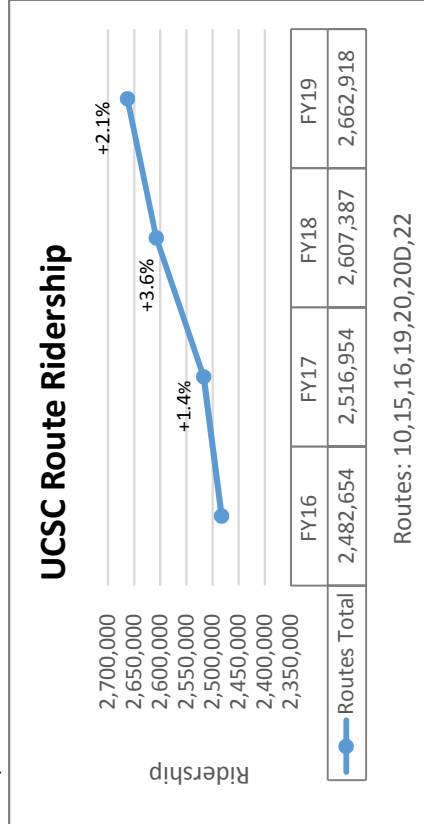
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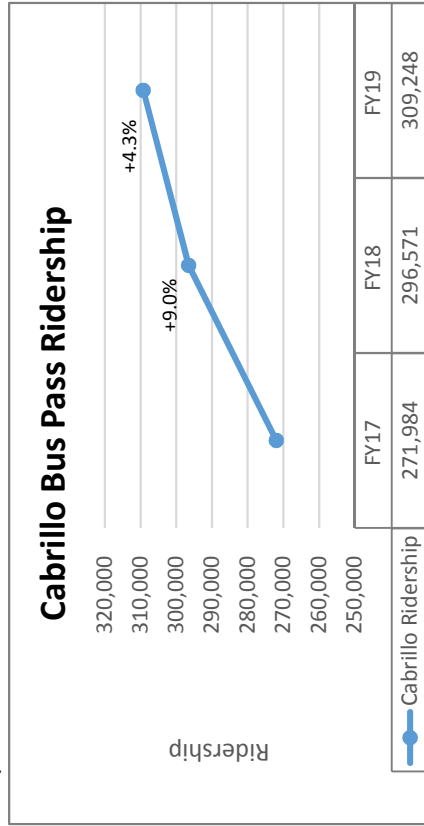
Graph 2



Graph 3



Graph 4

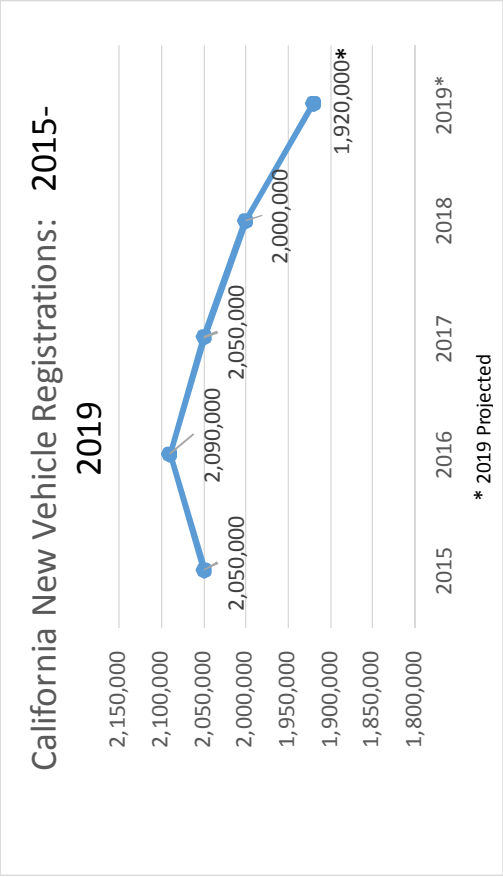


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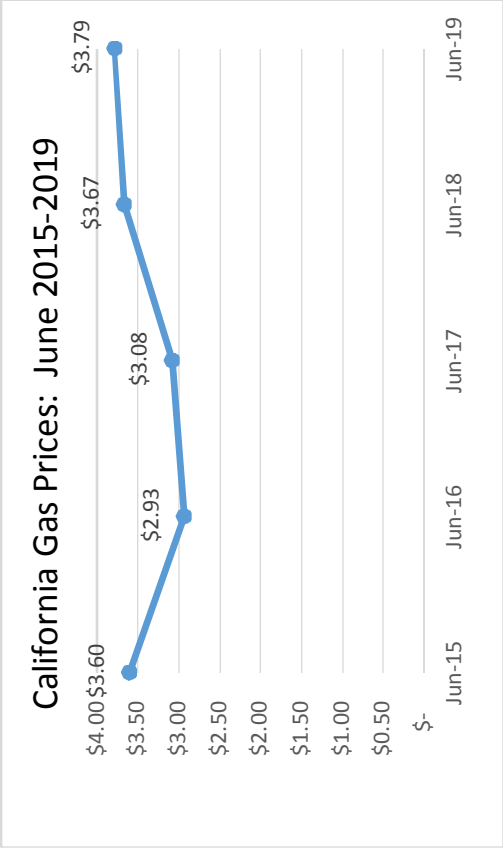


Annual Economic Indicators

Graph 1



Graph 2



Graph 3

