Board Retreat: Long-Range Plan Discussions

Presented by:
Thomas Wittmann

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NELSON NYGAARD

Agenda

- Overview of Need for Long Range Plan
- Future Funding Projections and Assumptions
- Plan Elements
- Implementation
  - Impacts of Rollout of Transformational Change
  - Impacts of Status Quo Funding and Service Reductions

Need for a Long Range Plan

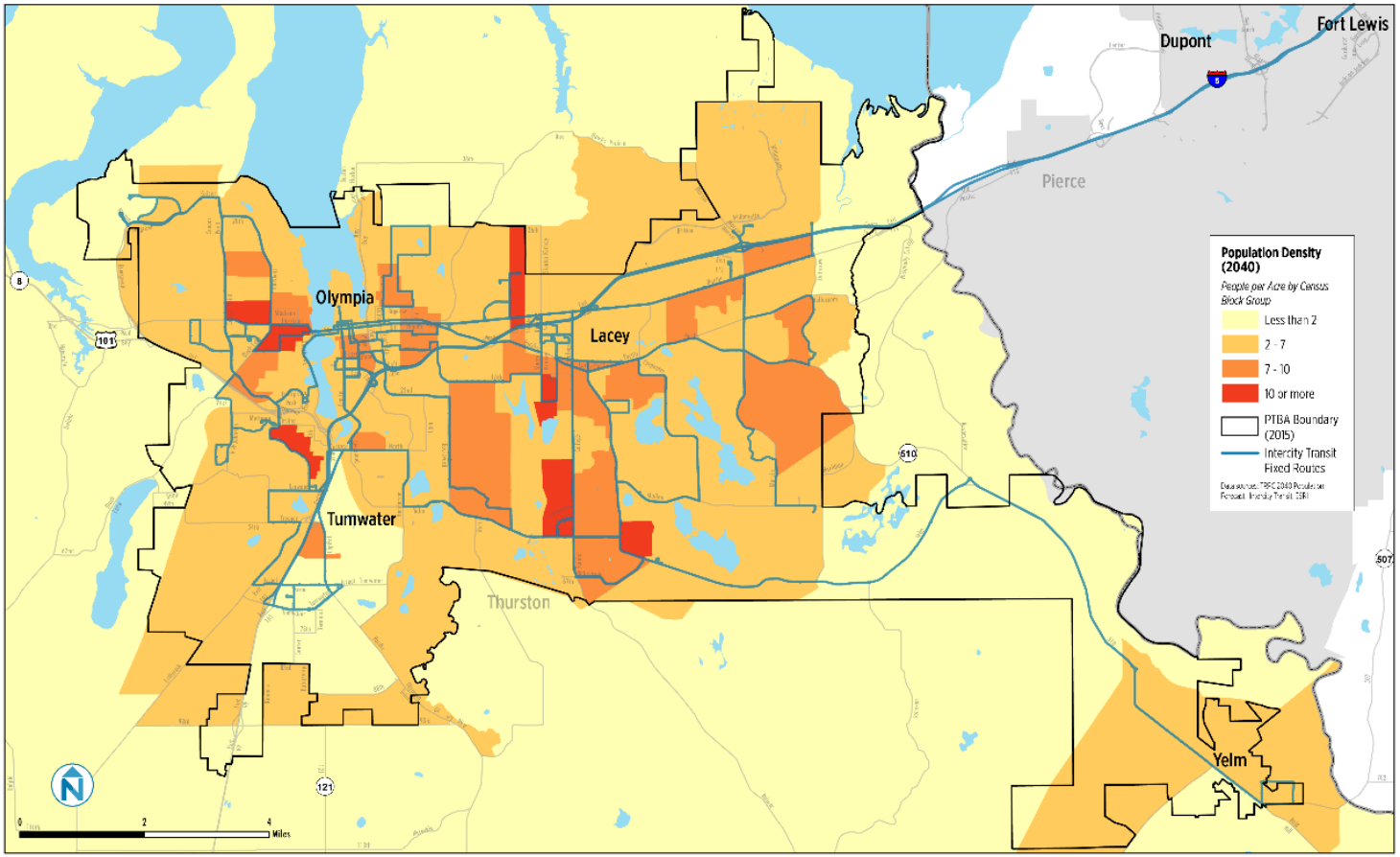
What is a Short- and Long-Range Plan?

Long Range Elements

1. Integrating land use and transit
2. Funding outlook
3. Service expansion priorities
4. Capital investment planning

Thurston County Growth Expectations

Projection: 65,000 more jobs and 100,000 more residents by 2040



Service Levels with Current Funding Not Sustainable

- Expenditures exceed revenues in 2022
- Two options could be considered
  - Reduce service commensurate with budget
  - Examine opportunities to increase revenues

- LRTP, started 2 years ago, was to examine options
- Road Trip helped identify public appetite for mobility enhancements

Future Funding Assumptions

Key Assumptions in Financial Forecasts

- Revenues will grow 3% annually
- Inflation assumed at 3.5% annually

- Vehicle replacement schedules are key drivers in fiscal sustainability

Key Assumptions in Financial Forecasts

- Uncertainty for Federal Matching Capital Dollars
  - Historically, match for capital (buses) = 80%
  - Future role of FTA providing full match is murky
  - Conservative outlook would assume 0% match
  - Optimistic outlook would assume today's levels - 80%
  - Looked at middle ground with 50% match
- Impact of assumptions is in $10's of millions

Key Assumptions in Financial Forecasts

- New Technology Vehicles starting in 2020
- Adds ~$400,000 to cost of each vehicle
- Impacts of this decision are up to $16 million between now and 2035

Elements of Long Range Plan

Bus Rapid Transit

Bus Rapid Transit (BRT) is a high-frequency bus-based transit system that delivers fast, direct, comfortable, and cost-effective service.

Because BRT contains features similar to rail service. It is much faster, more reliable, and more convenient than regular bus services. With the right features, BRT avoids the causes of delays that typically slow regular bus services, like being stuck in traffic and paying on board.

Smarter traffic signals | *A distinct look and feel* | *Simpler fare payment* | *Vehicles with more room* | *Comfortable stations*

What are the benefits?

- Faster service that arrives on time
- Buses that come more often, all day long
- Service that supports economic development

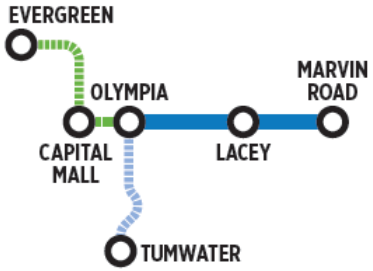
What are the costs?

Martin Way corridor:

$2.5M
Annual operating costs (additional)

$23M–$30M
Capital costs

Where are the opportunities?



Extended Span of Service

An extended span of service means more bus routes start earlier in the morning and continue to run later at night, on weekdays and weekends.

As a result, extended service helps get you where you need to go, regardless of your schedule. This helps to accommodate early or late work schedules, as well as shopping, visiting friends, or going out at night.

Number of bus routes that currently run until 11 PM on weekdays

Number of bus routes that would run until 11 PM with an extended span

What are the benefits?

- Support for irregular and late work schedules
- Span is consistent for multiple routes
- Later service is a community priority

What are the costs?

$1.6M
Annual operating costs (additional)

7%
Increase in service relative to 2017 levels

None
Capital costs

Where are the opportunities?

Routes that run until 11 PM now:

12 41 62B 66

Routes that would run until 11 PM with an extended span of service:

13 21 45 47
48 60 62A 64
67 68 94

Improved Frequency

Improved frequency means buses come more often, all day. In other words, buses arrive at a stop every 15 or 30 minutes depending on the route.

When buses come more frequently, you don't need to plan your day around the schedule. For the most frequent routes (13, 41, 62A/B), buses would come every 15 minutes, seven days a week.

Minimum 30-minute frequency all day

Three routes with all-day, 15-minute service

Same frequency all-day, seven-days-a-week

Simpler bus schedules

What are the benefits?

- Better accommodates your schedule
- More flexibility for off-peak trips
- Bus schedules that are easier to remember

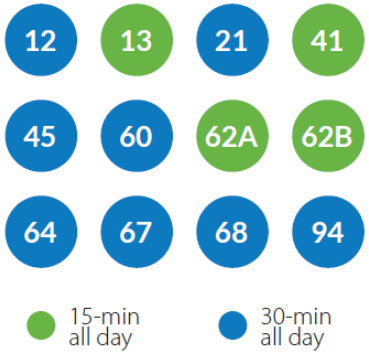
What are the costs?

$4.5M
Annual operating costs (additional)

21%
Increase in service

2
New vehicles required

Which routes would have more frequent service?

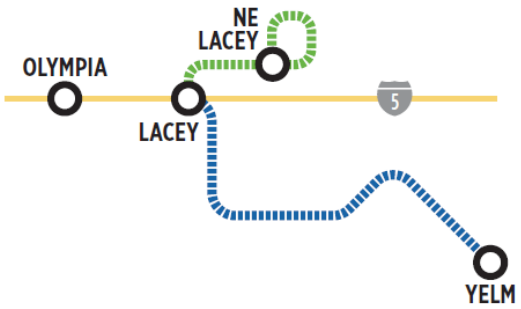


Service to New Areas

Service to new areas would include routes to NE Lacey, Yelm, and possibly Innovative Service Zones for other less densely populated areas.

Growth in Thurston County is adding new destinations that are unserved by the current transit network. For NE Lacey, new service would be an all-day, standalone route between the Lacey Transit Center and job centers in NE Lacey. Service to Yelm would be an express route during rush hour to and from Lacey Transit Center. Innovative Service Zones could serve less densely populated areas until they can support bus service. Potential zones could be in Lacey, Olympia, Tumwater, and Yelm.

Potential NE Lacey and Yelm route alignments



What is an Innovative Service Zone?

Gets you connected into the broader system

On-demand

Smaller vehicles

What are the benefits?

- Better access to jobs, schools, appointments, and shopping
- More flexibility for off-peak trips

What are the costs?

- **$2.6M** Annual operating costs (additional)
- **4** New vehicles required

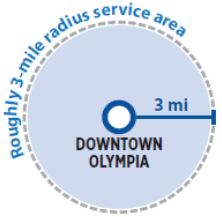
Night Owl Service

Night Owl Service is a weekend, on-demand, late night service to and from downtown Olympia.

It would include three small buses leaving the Olympia Transit Center hourly. Each bus would make pickups and drop-offs in a different zone that reaches up to three miles away from downtown Olympia. Night Owl service would not replace the existing weekend service to The Evergreen State College.

On-demand

Weekend nights



Three-mile radius

Maintains late night service

What are the benefits?

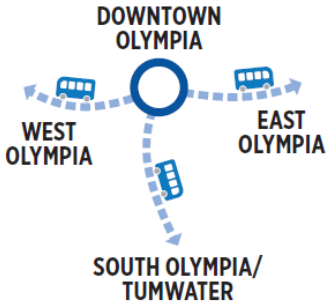
- Supports new trip purposes
- Provides employment transportation during peak "entertainment" times
- Promotes safety for riders and non-riders

What are the costs?

$400,000
Annual operating costs (additional)

None
Capital costs

Where are the opportunities?



Maintain On-Time Performance

It's critical to keep buses running on time despite changes in traffic. This requires setting aside 0.5% of the operating budget to periodically adjust schedules.

Increasing traffic congestion in the future will lead to increasing delays, and increasing costs associated with those delays, for everyone including transit vehicles.

Intercity Transit can plan ahead for slowing travel times by setting aside a specified percentage of the operating budget each year for one-or-two schedule adjustments. This would allow Intercity Transit to put additional buses into service on busy routes and reduce wait times for riders.

Allocates 0.5% of operating budget | ***Adjusts schedules periodically*** | ***Keeps buses on time*** | ***Accommodates changing traffic*** | ***Plans ahead***

What are the benefits?

- Establishes a savings account for on-demand service additions
- Provides flexibility for changing operating conditions

What are the costs?

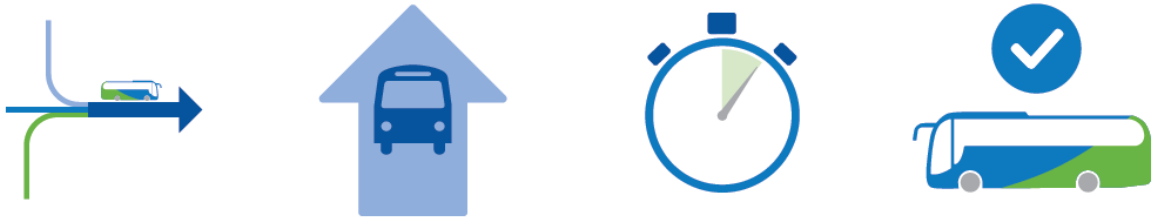
- **0.5%** Annual operating costs
- **None** Capital costs

Enhanced Commuter Service

Enhanced commuter service means better express service between Olympia, Lacey, Lakewood, and Tacoma. It would make service easier to understand, faster, more comfortable, and more frequent.

Commuter service is fast service over long distances, designed to transport suburban workers to downtown jobs. This is important because Thurston County anticipates approximately 43,000* commuters traveling out of Thurston County to work by 2025, an increase of 22%. Many of these commuters will be going to Pierce and King Counties.

* Thurston Regional Planning Council (TRPC) Countywide Employment and Commute Forecast, January 2018



Consolidates existing express routes

Increases service levels

Improves speed and reliability

Upgrades to coach vehicles

What are the benefits?

- Avoids delays.
- Provides flexibility for changing operating conditions
- Reduces congestion on I-5

What are the costs?

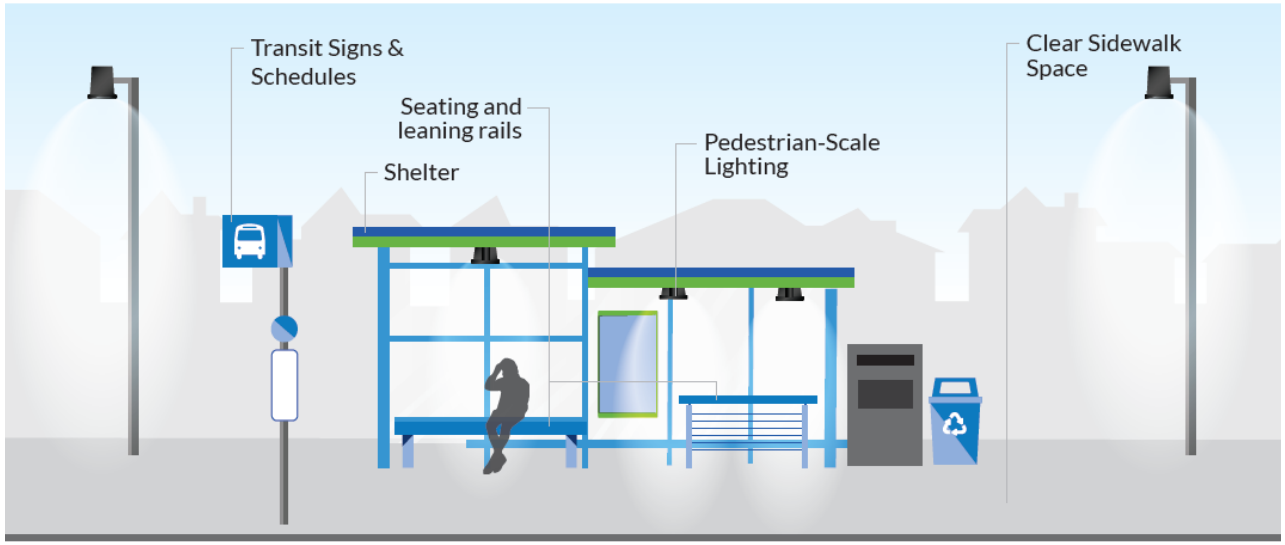
$1M Annual operating costs (additional)

$3.0M Capital costs for new buses

Enhanced Capital Facilities

Enhanced capital facilities mean better bus stops, with features like shelters, benches, and lighting. Together, these improve the overall customer experience while waiting for the bus.

Intercity Transit would invest in bus stop enhancements throughout its service area. Priority would be given to stops with more ridership.



What are the benefits?

- Better passenger experience
- Attracts and retain riders

What are the costs?

None Annual operating costs

$260K Annual capital costs

Continue Investigating Fare Payment Options

Changing the way fares are paid means different things to different people, and can address several challenges identified by the community. There are options and opportunities that, with some additional study, can help meet our shared goals.

Get where they are going faster

Make it easier to pay

Make it more affordable

Encourage people to ride the bus

Reduce fare hassles and uncertainty

Implementing new fare technology and introducing an alternative fare structure are two options which could be considered.

New Fare Technology

The existing fare collection system takes cash only and is failing. There are many new technology options to consider. Part of the consideration is the cost associated with purchasing and maintaining a fare collection system, and processing the money collected.

Alternative Fare Structure

An alternative fare structure means removing the collection of fares on the bus from individual riders and replacing that fare revenue with funds generated through public/private partnerships. About 10% of transit revenues come from fares. There are several communities, like Chapel Hill NC, Missoula MT, Corvallis OR, and Cache Valley UT, that have implemented a similar alternative fare structure. They have found it:

Promotes social equity

Riders least able to afford fares are currently paying them

Increases ridership

Systems report an increase of 30–40% ridership

Makes bus service faster

3–7% speed improvement without fare collection waiting time

Lowers operating costs

eliminates costs for fare collection, fare equipment, ticket management, and administration

Removes barrers

Increases convenience and removes the hassle of finding cash to ride the bus

Reduces traffic congestion

gets more people riding the bus leaving fewer cars on the road

Environmentally friendly

gets more people riding the bus leaving fewer cars on the road

Implementation of Long Range Plan

Transformational and Status Quo Funding Options

- Transformational Scenario
  - Legislature approved possibility of 0.4% increase in sales tax
  - Feedback: Go BIG!
    - Stakeholders
    - Public
    - Polling
  - Long-Range Plan assumes full 0.4% increase scenario

- Status Quo Funding
  - No additional funding is assumed
  - Service reduction

Transformational Scenario Implementation Guidelines

- Desire for immediate improvements
- Up to 2 year delivery time for any new buses
- Operator training lead times
- Cash flow
- Planning/Operations staff availability for big service changes

Potential Transformational Scenario Implementation

Implementation Year	Improvement
2019	• Improve span of service • Keep Buses On Time (Schedule Maintenance)
2020	• Improve Frequency • Expand Bus Service to NE Lacey (post I-5 work)
2021	• Innovative Service Zone (first zone) • Night Owl Services
2022	• Express Service to Yelm (post Yelm by-pass) • Enhance Commuter Services (pending HOV lanes)
2023	• Innovative Service Zone (second zone)
2026	• Innovative Service Zones (Add third zone) • Bus Rapid Transit

Assumes 50% federal capital match and New Technology vehicles

Status Quo Funding

- By 2022, expenses are projected to exceed revenues
- Service reduction scenario developed to illustrate size of reductions

Service Reduction Guidelines

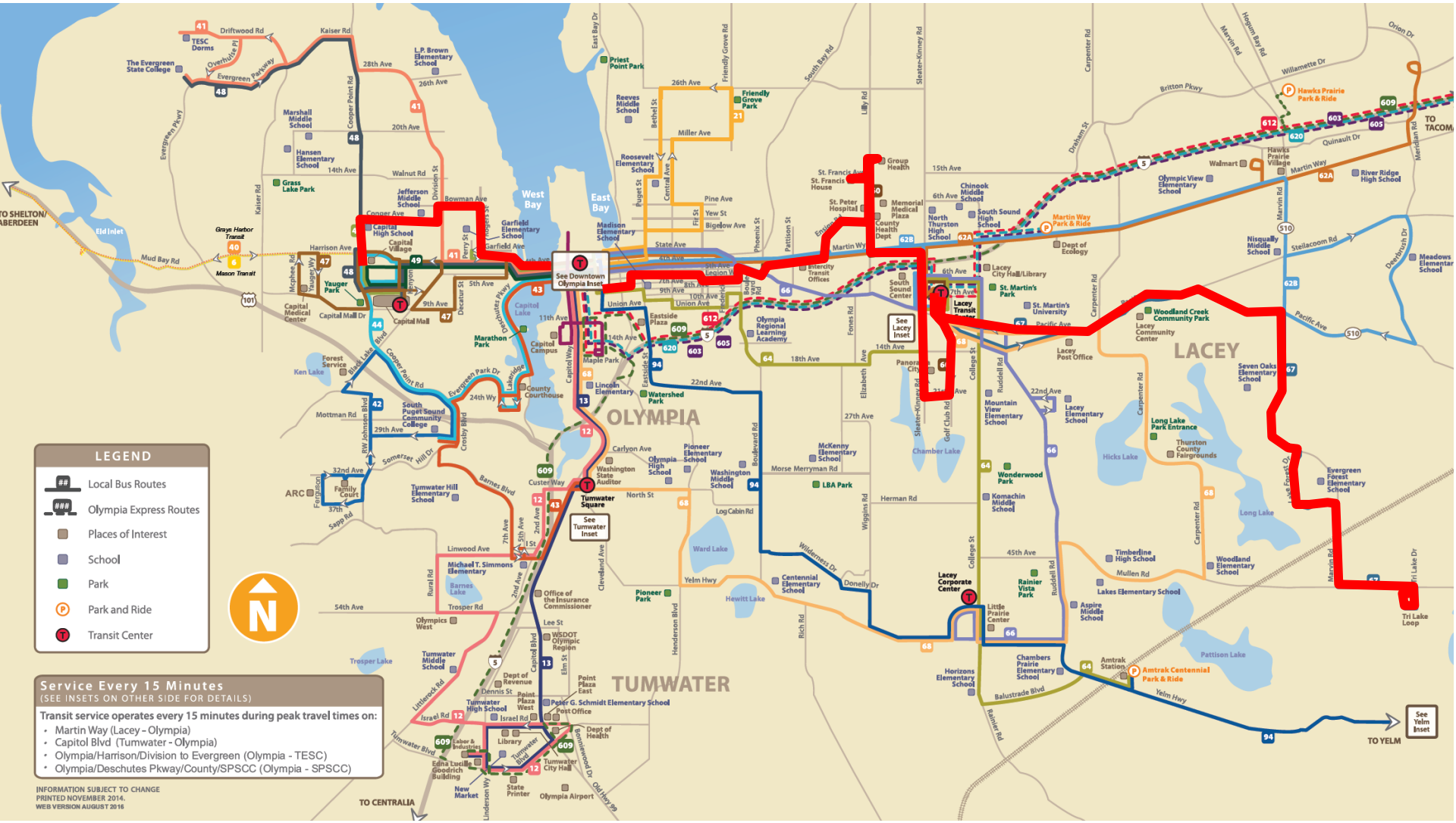
- Maintain system integrity and core
- Hurt the least number of people
- Focus on productivity and cost metrics
  - Cost per trip
  - Passengers per hour
- Maintain coverage

Examples of Service Cut Strategies

Potential Option – Keep Coverage Cut with high rider impact	Potential Option – Targeted Cuts Cut with reduced rider impact
No change to weekday service	Weekdays: • Delete Routes 45, 67, and Dash • Reduce service on Route 60 and Olympia Express
Eliminate all Saturday service	Saturday: • Delete Routes 45, 60, 67 and Olympia Express
Eliminate Sunday service	Sunday: • Delete Routes 60 and Olympia Express

Other options, or combinations of option are possible.
These are two illustrations of methodologies.

Potential Areas for Service Cuts



Timing for Reductions

- Size of reductions depends on when they are implemented and on federal capital matching grant assumptions
- Service cuts are smaller if implemented earlier
- Example:
  - 2019 Service Cut = ~38,000 annual hour cut to stay whole
  - 2020 Service Cut = ~50,000 annual hour cut to stay whole