



DATE: October 28, 2022
TO: Board of Directors
FROM: John Urgo, Planning & Development Director
SUBJECT: ACCEPT AND FILE THE METRO PLANNING AND DEVELOPMENT ANNUAL STATUS REPORT

I. RECOMMENDED ACTION

Board of Directors accept and file the METRO Planning and Development Annual Status Report

II. SUMMARY

- This report apprises the Board of Directors of the status of the Planning and Development Department's major activities and initiatives over the past year.
- System performance in FY22 was characterized by a slow and steady recovery from the impacts of the COVID-19 pandemic. METRO has now restored service to pre-COVID levels on all routes with the exception of weekday Highway 17 and 91X service, and some school term trips. Overall ridership ended the year at 55% of pre-COVID levels.
- In FY22, the Planning and Development Department continued its focus on METRO's primary objectives of rebuilding ridership post-pandemic, planning for METRO's transition to zero-emission vehicles, and supporting efforts to build affordable housing near transit. Staff also continues to make progress on a number of customer-focused initiatives, including improving speed and reliability, mobile fare payment, and customer access to real time information.
- Staff requests the Board of Directors (Board) accept and file this Service Planning Update.

III. DISCUSSION/BACKGROUND

The Planning Department began providing this annual report following the completion of the Comprehensive Operational Analysis (COA) service reduction in the fall of 2016. 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.

The COVID-19 pandemic brought unprecedented disruption to METRO service and operations as well as to the communities we serve. In FY21, ridership dropped

82% but rebounded steadily through FY22 as the economy and schools reopened, ending the year at 45% below pre-pandemic levels.

FY22 System and Route Performance

System performance in FY22 was characterized by a near return to pre-COVID (compared to FY19) levels of service and a slow but steady recovery of ridership. Figure 1 shows the change in revenue hours and ridership over time since the start of the pandemic using January 2020, the last full pre-COVID month, as a baseline. After falling by half in the pandemic's early months, METRO provided 87% of pre-pandemic service in FY22 as compared to FY19. This increase was largely driven by increased service on UCSC routes as students returned to campus, as well as the full restoration of local service.

FY22 ridership increased threefold compared to FY21 to just over 2.7 million annual boardings, and finished the fiscal year at 55% of FY19 levels. While encouraging, this is still a steeper decline than transit ridership nationally owing to METRO's greater reliance on student riders: ridership trends reported by the American Public Transit Association (APTA) indicate that national transit ridership in FY22 was 65% of pre-pandemic levels. Even though UC Santa Cruz welcomed the return of on-campus instruction in FY22, as evident by the significant ridership bumps in the fall and spring of FY22, student ridership remained on average at a little over half of pre-pandemic levels as many classes remained online and fewer students lived on campus.

Figure 2 shows the year over year change in ridership and revenue hours by month using FY19, the last full pre-COVID year, as a baseline. The highest ridership months – October 2021 and March 2022 – are also the months when student ridership is at its peak. During these months, total system ridership exceeded 60% of pre-pandemic levels.

Figure 3 shows the change in ridership type (i.e. Highway 17, Student, and Non-Student) by month using FY19 as a baseline. Throughout the pandemic, non-student ridership decreased the least and recovered the fastest: FY22 showed a steady increase in non-student ridership from 57% of pre-pandemic levels at the beginning of the year to 68% by year's end. This is likely due to greater numbers of employers calling employees back to physical workplace settings and the large scale return of in-person activities (e.g. shopping, doctor's appointments, etc).

Highway 17 ridership increased from 37% of pre-pandemic levels at the beginning of the year to 46% by year's end. This was largely driven by the return of UCSC and SJSU to in-person learning, as well as increases in weekend ridership. Commute focused ridership will likely take longer to recover as most major employers in the San Jose – Santa Clara area have adopted hybrid work schedules.

Cabrillo College ridership increased steadily throughout the year from 6% of pre-pandemic levels in July 2021 to 27% by June 2022. Cabrillo ridership remains well

below pre-pandemic levels as enrollment numbers have dropped by a third and many campus activities remain online. Cabrillo is targeting the fall of 2023 for a larger return to in-person activity.

Finally, rather than increasing throughout the year, UCSC ridership returned to its pre-pandemic form of peaks and valleys coinciding with high ridership months in fall and spring when classes are in session. The peaks averaged 65% of pre-pandemic activity while the valleys hovered below 40%, likely due to less on-campus residential activity.

FY22 Route Performance

In the transit industry, a rule of thumb is that there needs to be an average of 10-15 boardings per revenue service hour for a service to be considered effective, depending on the type of service (e.g., rural, local, regional, intercity) or whether the service has a goal of ridership or coverage. The goal for ridership oriented service is typically 15 passengers per revenue service hour or greater while coverage oriented service has a goal of 10-15 passengers per hour.

Prior to COVID-19, most METRO routes performed within the coverage metric, suggesting that the level of service was correct relative to demand and financial capacity to provide service.

In FY22, all METRO service operated below 10 passengers per revenue hour, with the exception of UCSC service, three intercity routes (69A, 69W and 71) and Route 66, a local Live Oak route. The intercity and local routes operated below 13 passengers per revenue hour while the UCSC routes operated between 27 and 45 passengers per revenue hour. The low productivity of local service is a direct result of the restoration of service to 87% of pre-COVID levels even as ridership averaged 55%. Staff purposely restored service in advance of ridership so that it was there when customers were ready to return. Productivity will continue to improve as the effects of the pandemic recede.

Status Update on Major Planning Initiatives

The Planning Department's priorities in FY23 will continue to focus on rebuilding ridership post-pandemic, planning for METRO's transition to zero-emission vehicles, and leading efforts with the City and County to develop affordable housing near key transit corridors.

Rebuilding Ridership

Efforts to rebuild ridership post-pandemic will focus on service restructuring, planning for speed and reliability improvements, and customer-focused improvements to fare options and real time passenger information.

Better Bus Network Reimagining

Staff is currently seeking consultant assistance to develop a Five Year Bus Network Reimagining Plan scheduled for implementation between 2023 and 2028. Key project outcomes will include: 1) an evaluation of METRO's current fixed route system; 2) Completion of at least two alternative scenarios illustrating different policy directions that the METRO bus network might take, focusing on the tradeoffs between ridership and coverage goals; 3) final network scenarios matching three possible financial projections, one with current resources and two with additional financial resources; and 4) a process of interaction with stakeholders, city councils, the METRO Board, and the public that provides opportunities to provide substantive and impactful input to the plan. METRO completed its last comprehensive service analysis in 2016 on the heels of a fiscal crisis that led to service cuts. The current planning effort will focus on service expansion, with a goal of doubling ridership in five years. The first phase of the planning effort will focus on ensuring METRO is making the best use of current resources while subsequent phases will envision a future transit network should additional resources become available.

New Service Initiatives

Staff continuously seeks grant opportunities to fund new service. In FY21, staff completed planning for a new zero-emission, free fare circulator in the Watsonville area, funded by a grant from the California Department of Transportation. Launched last fall, the service connects the downtown Watsonville Transit Center with retail and medical destinations, operating as a loop along Main Street, Green Valley Road, Freedom Centre, Freedom Boulevard and Lincoln Street. New service takes time to build ridership and in FY22, the Watsonville Circulator was the fifth least productive route in the METRO system. Staff will continue to evaluate ridership on the circulator as part of the Better Bus Network Reimagining Plan and make recommendations for future service changes.

Speed and Reliability Improvements

Throughout Santa Cruz County, METRO buses travel along congested streets and corridors without the benefit of transit supportive elements such as bus only lanes, traffic queue jumps, or bus boarding islands. This means travel by bus takes significantly longer and is less reliable than private automobile. In FY21, Caltrans awarded METRO a Caltrans Sustainable Transportation Planning Grant (STPG) to fund the Watsonville - Santa Cruz Intercity Transit Speed and Reliability Study. In FY22, staff released a request for proposals for the project and awarded a consultant contract to Kimley-Horn to assist in evaluating traffic and travel conditions along the primary transit corridors connecting Watsonville and Santa Cruz, including Main Street and Freedom Boulevard in Watsonville, and Soquel Avenue and Capitola Road, in order to identify opportunities for pedestrian, bus stop and transit priority improvements aimed at improving the accessibility, speed and reliability of METRO's core intercity routes. Besides recommending improvements for existing service, the study will lay the groundwork for planned

rapid service along the Soquel Avenue/Main Street corridor. The project kicked off in September and is expected to be complete by the spring of 2024.

In addition, staff continues to coordinate with the Santa Cruz County Regional Transportation Commission (RTC), Caltrans and Santa Cruz County on the Watsonville – Santa Cruz Multimodal Corridor Program (WSC-MCP), including the Highway 1 Auxiliary Lanes/Bus On Shoulder component and Soquel Avenue/Drive to Freedom Boulevard bicycle/pedestrian improvements. In FY21, the California Transportation Commission approved over \$100 million in funding for the WSC-MCP Cycle 2 Project, which will construct auxiliary lanes on Highway 1 between Soquel Ave and State Park Drive and add buffered/protected bike lanes and transit signal priority (TSP) on Soquel Drive along the same segment. Staff is currently coordinating with the regional partners on a SB1 Cycle 3 grant application, a \$200 million project to extend the corridor improvements to Freedom Boulevard. As part of the application, METRO is planning to install bus boarding islands, new bus shelters, and real time passenger information displays at up to 30 locations along the corridor. Application and announcement of award are expected in FY23.

Fare Programs

Besides a focus on service and operations, staff is also working to build ridership through more convenient fare programs. In FY21, METRO launched a mobile ticket “Splash Pass,” which lets customers purchase METRO fare products using a smartphone, and completed the installation of electronic validators on all Highway 17 buses for more accurate and efficient validation of tickets. Mobile fare payment can help reduce the cost of cash collection, speed up the boarding process, and improve convenience and access to fare products. The next phase of the project, planned for FY23, will allow for contactless credit and smart card transactions to happen with the tap of a card on the Highway 17 validators. If successful, staff will seek funding to purchase and install validators fleet-wide. The final phase will involve the rollout of a new smart card and account based ticketing system using stored value accounts. Account-based ticketing will allow riders to exchange cash for pass products at an expanded local retailer network, enabling customers without a bank account to tap and ride. It will also allow METRO to introduce fare-capping at day- or monthly-pass rates, so that customers will know they are always getting the best value no matter how much they ride.

In addition, METRO continued its partnership in FY22 with the City of Santa Cruz Go Pass program, providing free rides to all 4,000+ downtown Santa Cruz employees, paid for by the City. The project aims to increase METRO ridership while reducing the demand for parking in downtown Santa Cruz. Staff is looking to expand the program to County employees in FY23.

Finally, METRO supported AB 1919, as amended, which would have established a five-year Youth Transit Pass Pilot Program in California. While Governor Newsom vetoed the bill due to lack of funding in the state budget, staff will continue to explore funding opportunities to implement free fare programs, particularly for youth under 18.

Real Time Passenger Information

Staff is also working to improve the customer experience through improving access to real time information. Staff is currently implementing a Computer-Aided Dispatch / Automatic Vehicle Location (CAD/AVL) system on its fleet, which will allow real time vehicle location tracking and help the agency better track bus speed and reliability. Besides providing better data with which to plan and schedule, the system will provide customers with real time bus location and next bus arrival predictions, allowing customers to track vehicles in real time. The system is expected to go live in early 2023.

Additionally, METRO plans to install new Automated Passenger Counters (APCs) on its fleet in FY23. APCs will provide the Planning Department with a rich dataset for route and service planning, including boarding and alighting information at the level of individual bus stops for all trips. It will also provide real time crowding information to customers so that they can make more informed decisions when trip planning.

Zero-Emission Vehicle Transition

METRO has set an ambitious goal of purchasing only zero emission buses (ZEB) moving forward, converting the entire 96 bus METRO fleet by 2037. Phase 1 of this plan involved the procurement and deployment of four battery electric buses (BEB) on the Watsonville Circulator Route, which was completed in FY22. Phase 2 will convert 100% of METRO's fleet serving Watsonville to ZEB by 2027. Phase 3 will involve the full transition of METRO's fleet to ZEB by the end of 2037, through a mix of fuel cell electric buses (FCEB) and BEB. This would put the agency ahead of the California Air Resources Board (CARB) mandate that all transit agencies in California operate 100% ZEB by 2040. In FY22, the Planning and Development Department worked with the Federal Transit Administration (FTA) to use funding available for Highway 17 service to procure four additional BEBs. Staff also submitted a highly competitive grant to the FTA Low or No Emission Vehicle and Bus and Bus Facilities Programs for 20 hydrogen fuel cell buses and construction of a hydrogen fueling facility and associated improvements. While the FTA did not select the proposal for funding, staff will continue to support METRO's transition to a 100% ZEB fleet in FY23 by identifying funding opportunities and preparing grant applications.

Supporting Affordable Housing Development in Santa Cruz County

The housing market in the Santa Cruz – Watsonville area is by many measures one of the least affordable housing markets in the country. In the last on-board survey (2019), half of respondents reported household incomes below \$50,000. Providing access to affordable housing near transit corridors is therefore critical to supporting future ridership. Access to high quality transit also makes housing more affordable by reducing the need to build expensive parking, while the ability to live a car-free or car-light lifestyle reduces the costs of transportation for residents.

In the next decade, METRO plans to develop 175 affordable housing units at METRO transit centers and facilities, including Pacific Station, the Watsonville Transit Center and the Soquel Park and Ride. In FY22, METRO and the City of Santa Cruz were awarded \$30 million from the state's Affordable Housing and Sustainable Communities (AHSC) grant to redevelop the current Pacific Station site and adjacent City owned properties into 120 affordable housing units and a new bus station and tarmac. The project is currently in design and is expected to break ground in fall 2023. Building on the success of the Pacific Station project, staff is working to develop conceptual design concepts for affordable housing projects at the Watsonville and Soquel Park and Ride sites.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This report aligns with METRO's Service Quality and Delivery strategic priority.

V. FINANCIAL CONSIDERATIONS/IMPACT

There is no financial impact related to this status report.

VI. CHANGES FROM COMMITTEE

N/A.

VII. ALTERNATIVES CONSIDERED

There are no alternatives to consider.

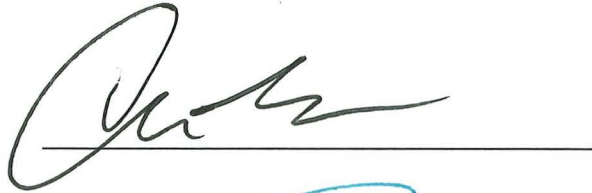
VIII. ATTACHMENTS

Attachment A: Figures 1, 2, and 3: Ridership and Revenue Hours


Prepared by: John Urgo, Planning and Development Director

IX. APPROVALS

Approved as to fiscal impact:
Chuck Farmer, CFO



Michael Tree, CEO/General Manager



Attachment A

Figure 1: Ridership and Revenue Hours
As a % of January 2020

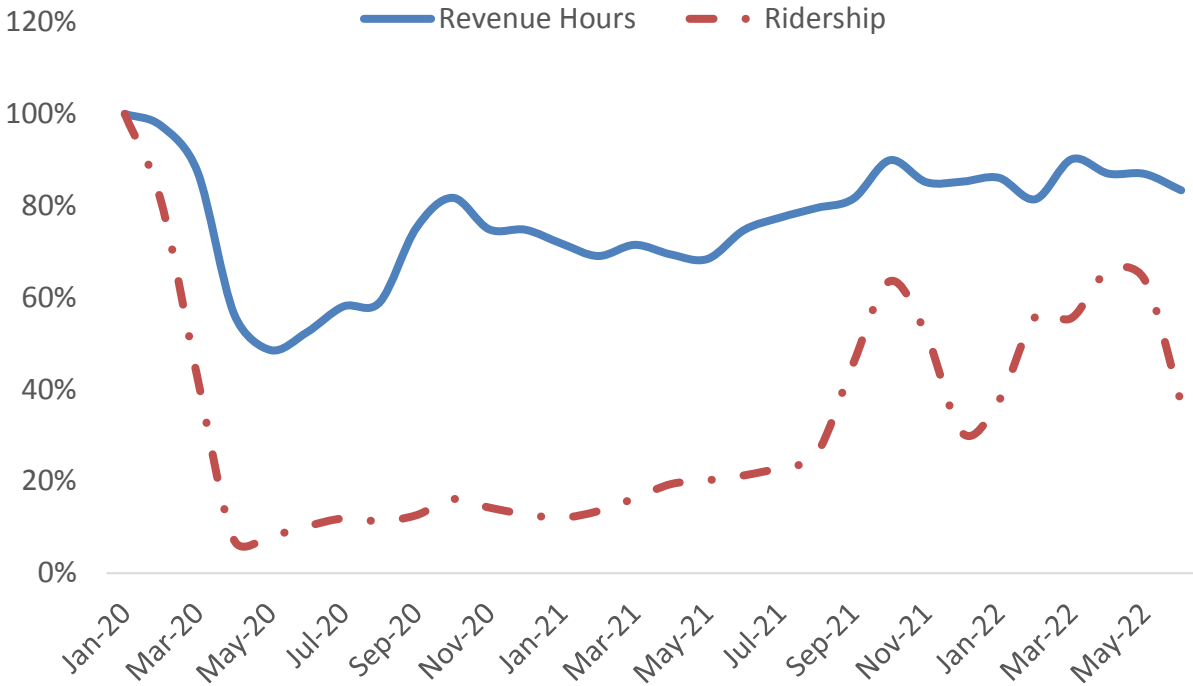
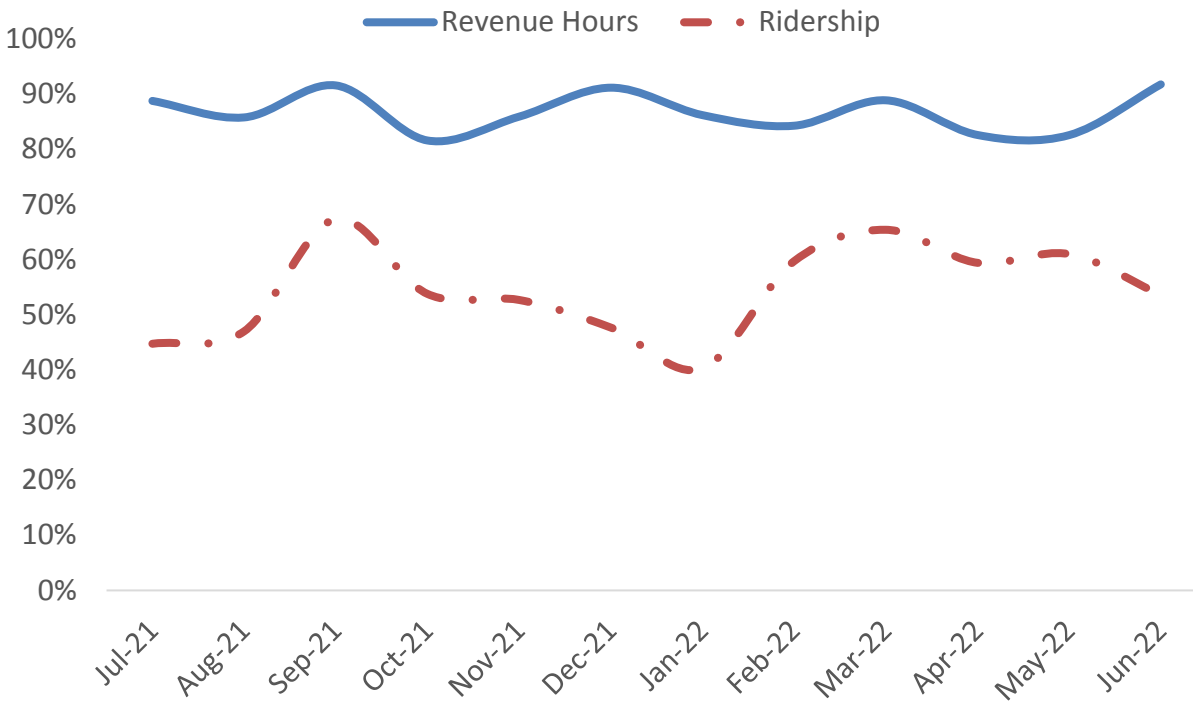


Figure 2: Ridership and Revenue Hours
As a % of the equivalent month in FY19



Attachment A

