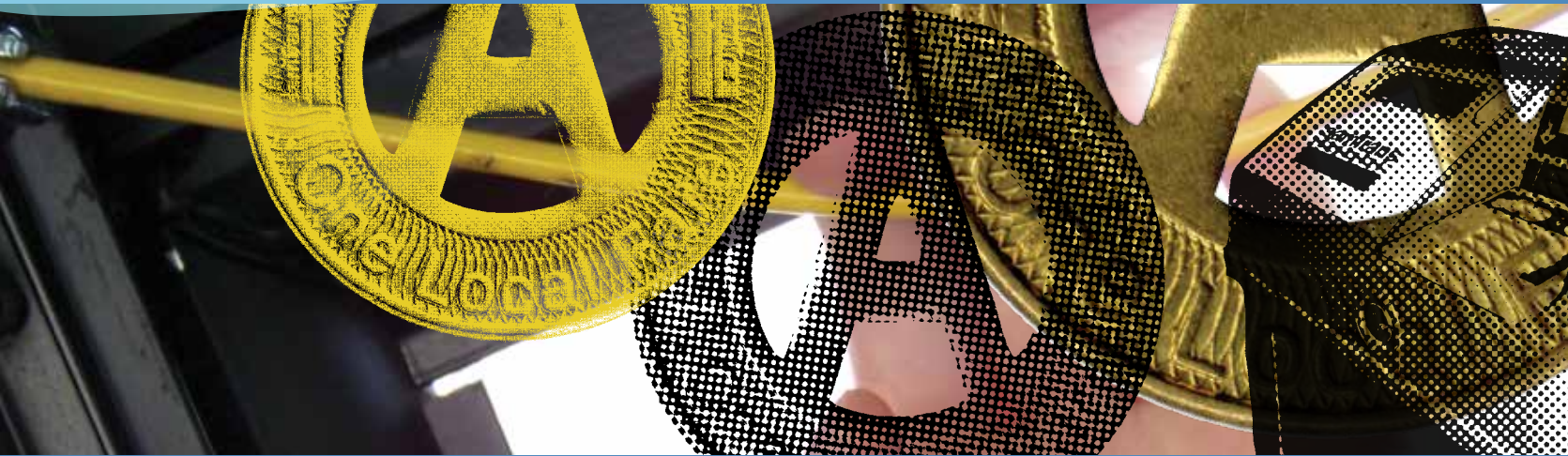


# Strategic Plan

2015-2019







## Letter from the General Manager/CEO

It was a community-based idea and it was sweeping in its ambition and vision for change for San Mateo County – combine several local city-based bus lines into a single, county-wide transit system. The result in 1976 was the San Mateo County Transit District.

Now, looking just five years into the future, the District may be poised for a period of change unprecedented since its creation in 1976.

Many of the District's long-term and influential employees are nearing retirement age. At the same time, there is a generational shift in attitudes toward transit and away from dependence on the automobile. These changing demographics and expectations create an opportunity for profound and dramatic change at the District, one that is affirmatively embraced in this 2015-2019 Strategic Plan.

The plan proposes five goals for five years. While that may appear modest, each goal represents a set of ambitious objectives meant to propel SamTrans and its sister agencies forward as it faces the next exciting challenges.

It is my pleasure to present this Strategic Plan because it lays out a clear path for the District's continuous improvement both in the services we provide to the public and to the overall effectiveness of the organization as we grow and change in the coming years.

In the last five years, the District staff, amid a financial crisis, built a foundation for such growth in the outstanding SamTrans Service Plan, which has begun to turn around years of declining bus ridership. Thanks to those efforts ridership is now up more than 4 percent and climbing. The District's financial stability is greatly improved as a result of the measures taken to increase the organization's efficiency and reduce cost, measures that required sacrifices by District employees.

Now it is time to build and that's what this new plan represents.

The goals we have set, while ambitious, are tangible. They focus on increasing ridership, increasing revenue, stabilizing the District's finances, setting benchmarks for improved organizational performance and managing change within the District workforce.

The ability to create a vision and inspire an organization to reach for those goals is the test every leader must face. This document is a road map to navigate the challenges ahead and it is a challenge to the SamTrans organization to embrace these priorities for the next five years. Every element of the organization – every individual – will play a role in achieving these goals.

Sincerely,

A handwritten signature in blue ink that reads "Michael J. Scanlon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael J. Scanlon

General Manager/CEO

San Mateo County Transit District

### **OUR VISION:**

**The District is a mobility leader, providing safe transportation choices and a sustainable future that meets the needs of our customers and diverse communities.**

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## I. INTRODUCTION

### **WHAT IS THE STRATEGIC PLAN?**

The 2015-2019 Strategic Plan is a policy blueprint for the San Mateo County Transit District that shapes the agency's direction for the next five years. It represents the foundation from which policy, investment and service decisions should be made. As the District looks to revitalize transit bus service and grow its ridership, it must continue to manage its fiscal challenges, all while investing in an organization that manages SamTrans buses, Caltrain's rail system, and the Transportation Authority's multimodal funding program and preparing the organization for change.

The Plan helps to manage challenges by connecting the District's vision to everyday actions. This includes identifying three priorities that define what the District should strive to do every day: expand mobility options for its customers, strengthen its fiscal health and become a more effective organization. These priorities embody what the District should do to remain relevant and healthy over the long term and improve its service to San Mateo County.

**The Plan sets the framework for policy, investment and service decisions.**



## OUR PRIORITIES:

1. Expand mobility options for our customers
2. Strengthen our fiscal health
3. Become a more effective organization

This document builds on the District's 2009-2013 Strategic Plan by prioritizing actions that can "move the needle" on our priorities by turning ideas into results. To do so, the Plan isolates those key factors (e.g., demographic changes, the economy) that drive each of these three priorities, identifies what the District can control, and lays out a game plan for focusing our resources on achieving five goals in the next five years. These goals will advance the District's priorities and position the agency to flourish in the long term.

## WHAT THIS PLAN DOES

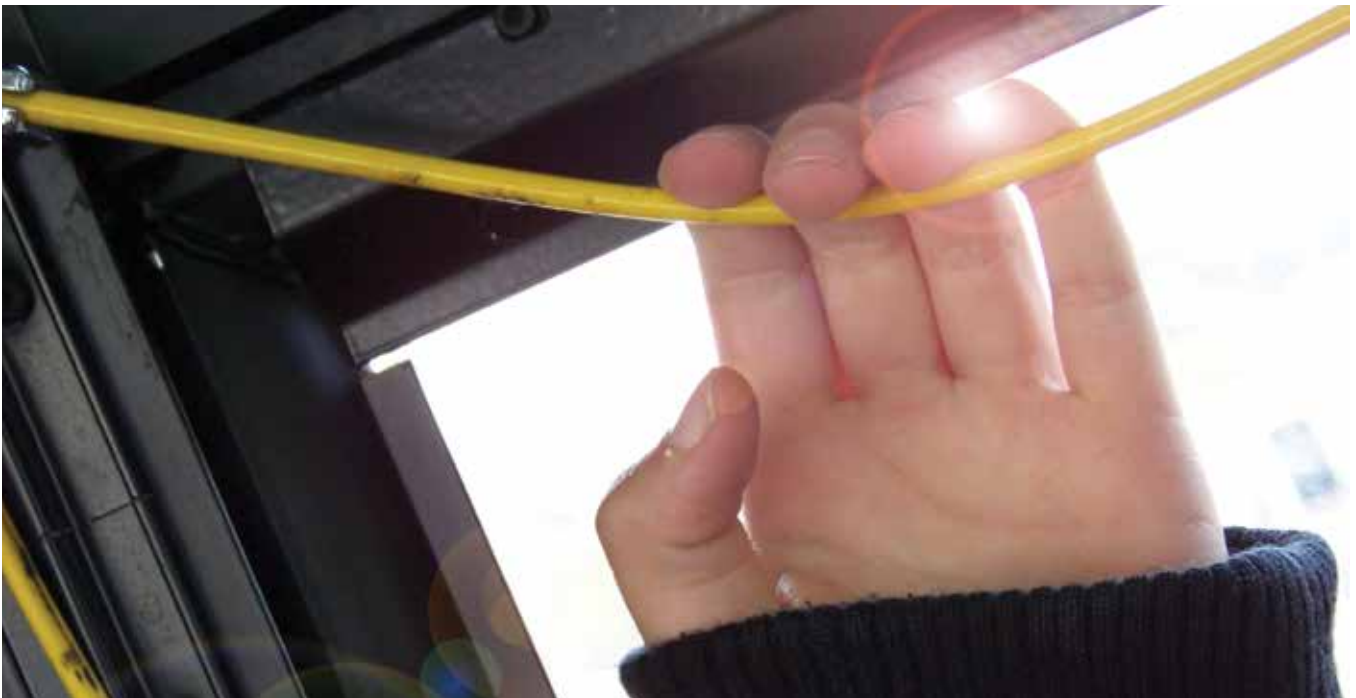
The Plan provides clear policy guidance to the agency that is intended to:

- **Move the needle.** The Plan highlights five goals that we will strive to achieve within five years. These goals define how the District can demonstrate tangible progress that address its priorities and continues our path to fiscal, operational and organizational health. We will monitor progress and adapt as needed to ensure the Plan makes a difference in achieving these goals.
- **Drive funding decisions.** The Plan will guide annual budget decisions. Each year, the Board will refine strategies to ensure future budgets help to achieve the District's five goals.

- **Be owned and implemented by staff.** The Plan will be actively implemented through all levels of the organization, from the operating and maintenance employees that deliver quality transit service to our customers to the administrative staff that manage a complex transportation organization. An internal working group will develop and refine strategies as needed, monitor Plan implementation, and ensure that everyday actions are guided by these priorities.
- **Be a living document.** The Plan blends reality with vision by defining a robust implementation process. An annual report will document progress toward implementing short-term actions and longer-term initiatives. It will also assess whether the strategies should be adjusted to respond to change. Finally, the Plan recognizes that we don't have all the answers now but commits to a thoughtful process of tackling critical issues over time and prioritizing our resources accordingly.

## 5 GOALS FOR 5 YEARS:

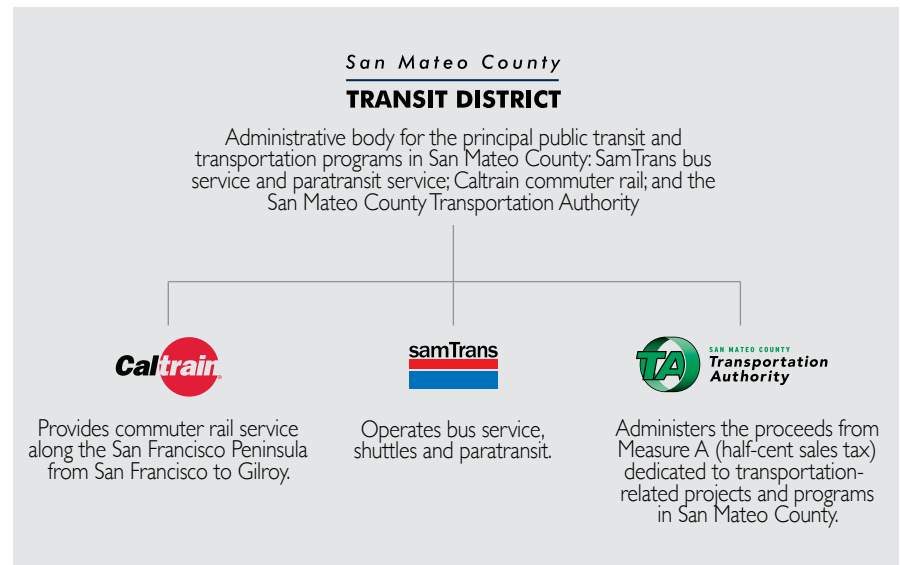
1. Increase weekday fixed-route ridership by 15%
2. Increase fixed-route farebox revenue by 20%
3. Reduce debt service by \$1.5 million annually
4. Improve organizational performance
5. Manage workforce change







This Strategic Plan provides policy guidance for the San Mateo County Transit District's delivery and fiscal management of bus transportation in the county. In addition to SamTrans, the District manages Caltrain service on behalf of the Peninsula Corridor Joint Powers Board, and the San Mateo County Transportation Authority, which funds multimodal transportation programs. As such, this Plan addresses how to improve the organization that manages all three of these business units. As San Mateo County changes, the District finds that it too is changing as it attempts

**Figure 1: The District's Three Business Units**

*The San Mateo County Transit District is the administrative body for three business units: SamTrans, Caltrain, and the Transportation Authority.*



to manage a series of critical initiatives, such as SamTrans' evolving service delivery model, Caltrain's electrification and modernization, and the Transportation Authority's prioritization of projects and programs. The Strategic Plan will help the District get in front and manage these changes proactively. Ultimately, it is a reality check on how it must focus its energies to keep the organization relevant and vital in the face of a changing world. As the managing agency for SamTrans, Caltrain and the Transportation Authority, the District must optimize its role as a mobility manager for San Mateo County. Caltrain and the Transportation Authority have completed Strategic Plan updates in 2014 as well.

| <b>PRIORITIES</b>                    |   |   |
|--------------------------------------|---|---|
| Become a More Effective Organization |  |  |
| Strengthen Fiscal Health             |   |  |
| Expand Mobility Options              |   |  |





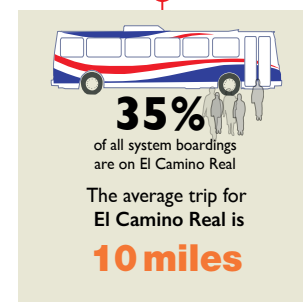
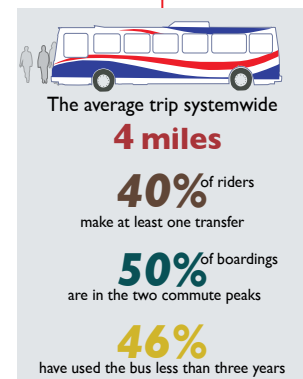
## 2. TRENDS AND FORECASTS

### WHERE WE'VE BEEN

As this Plan charts a path forward, it's important to recognize how the San Mateo County Transit District arrived at this important point in its history.

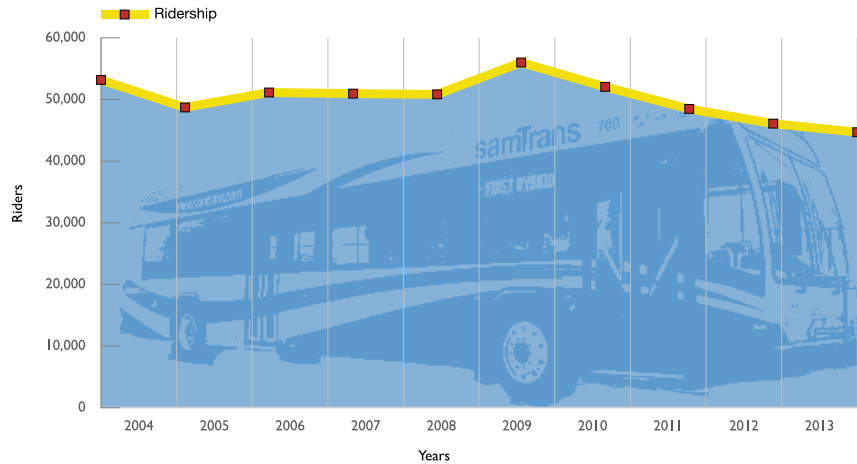
Since the District began operating fixed-route bus (1976) and paratransit service (1977), it has evolved into a multimodal transportation agency. Today, SamTrans operates 75 fixed routes, Americans with Disability Act (ADA)-mandated Redi-Wheels and RediCoast paratransit service, and commuter shuttle services. SamTrans began providing paratransit and worked with the Transportation Authority to allocate funding for these services before the federal mandate, evidence of its long-standing commitment to serving the residents of the county. In addition, the District manages Caltrain's commuter rail service that serves San Francisco, San Mateo, and Santa Clara counties. It also manages the Transportation Authority's funding of highway, arterial, bicycle, and other mobility programs in the county.

In the five years since the adoption of the District's 2009 Strategic Plan, the county has changed. The Great Recession peaked in 2010 as unemployment rates topped 9 percent and drove down transit ridership in the process. These economic changes also reduced sales tax revenue by 15 percent from 2008 to 2010, in turn reducing vital revenue for SamTrans operations.



**Figure 2: SamTrans Average Weekday Ridership 2004-2013**

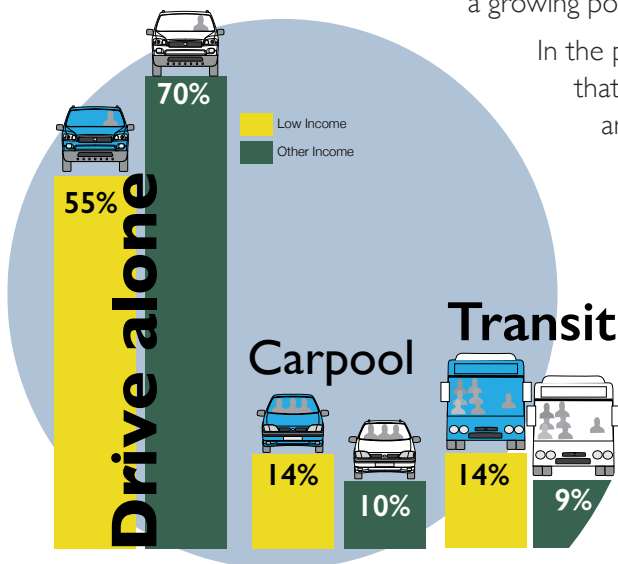
SamTrans bus ridership declined by 14 percent between 2009 and 2013. In 2014, ridership has begun to increase again thanks to a recovering economy and targeted service improvements.



**Figure 3: U.S. Commute Mode by Income Group 2005-2010**

People from households with low incomes tend to use transit and carpool more than people from higher income groups.

Source: American Community Survey 2005-2010



## SERVING OUR CUSTOMERS

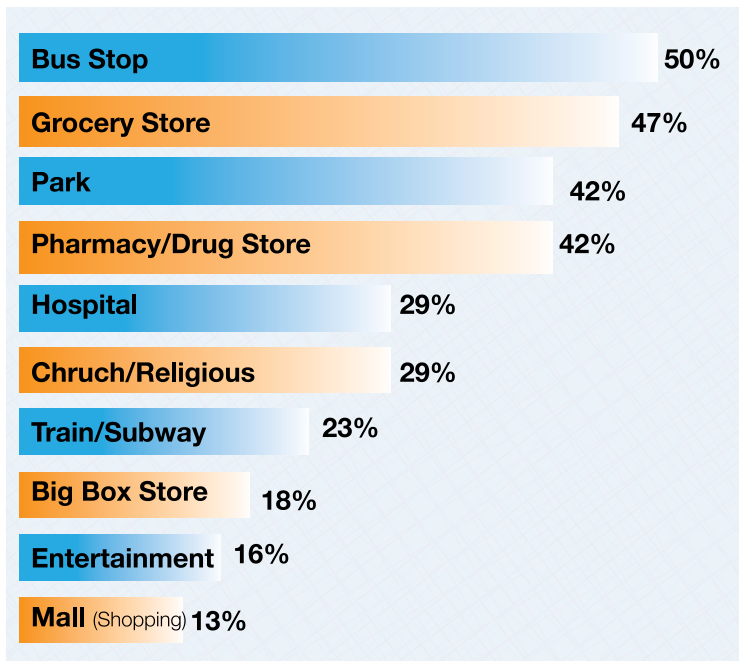
SamTrans ridership declined from 2009 through 2013. Most of the 14 percent decline during that period was driven by the recession and unemployment, though some was linked to the agency’s service cuts in December 2009. In addition, demographic changes affected ridership, as the low-income demographic that constitutes much of SamTrans ridership shrunk 3 percent from 2005 to 2012, while the middle class declined by 4 percent during that time. Nevertheless, population continued to grow 5.2 percent from 1998 to 2012, representing an ongoing opportunity to serve a growing populace with transportation alternatives.

In the past five years, there have been notable developments that suggest opportunities for SamTrans to improve service and grow ridership.

- Early results from implementation of the SamTrans Service Plan suggest that frequent service has substantially increased ridership. As of summer 2014, weekday ridership increased over the previous year by 13 percent on Route ECR, 12 percent on Route 120 in Daly City and 27 percent on Route 281 in East Palo Alto.

- Eligible discount patrons (seniors, disabled, medicare cardholders) ridership increased 13 percent from 2007 to 2013 in the face of a recession and bus service cuts in 2009. With the senior population projected to grow 72 percent from 2009 to 2030, the potential for continued growth will increase. However, because bus transit is only accessible within a quarter-mile for 53 percent of seniors in the county, more effort is needed to provide bus options for that promising demographic.
- Youth ridership dipped below 20 percent from 2009 to 2012 at a time when it became a growing share of the county's population. As the county's youth population (5 to 14 years) grows 7 percent through 2025, there are unique opportunities to cultivate future ridership. SamTrans knows that the county's young adults (16 to 34 years) decreased car use by 23 percent from 2001-2009<sup>1</sup>. During that time, youth in households of \$70,000 or more doubled public transit use. Kids live and travel differently from their parents, and SamTrans can help support their lifestyles.

**Frequent service has substantially increased ridership.**



**Figure 4: Community Amenities That Older Adults Want Within a Mile from Home**

An AARP study showed that a bus stop was the most desired amenity that older adults want to have within one mile of their home over other amenities in their communities.

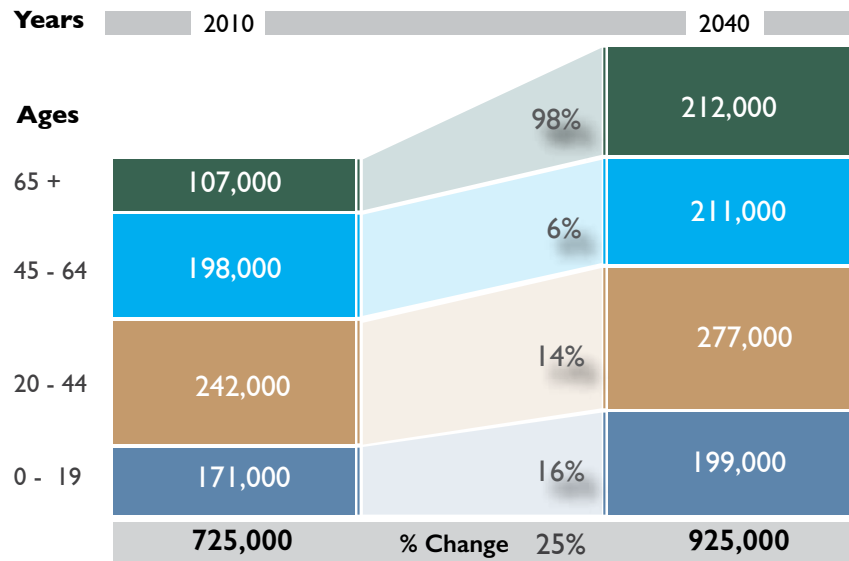
Source: AARP Public Policy Institute

<sup>1</sup> U.S. Public Interest Research Groups, "A New Direction: Our Changing Relationship with Driving and the Implications for America's Future."

**Figure 5: Projected San Mateo County Population by Age Group 2010-2040**

The Senior population (65 years and older) in San Mateo County is projected to nearly double between 2010 and 2040.

Source: ABAG Projections 2013



**Coordinating future growth with our transportation infrastructure can substantially reduce traffic congestion and improve our quality of life.**

- Since 2005, the District has helped lead the Grand Boulevard Initiative, a regional collaboration of public and private sector leaders dedicated to revitalizing El Camino Real through infill development and multimodal transportation investments that improve the performance, safety, livability, and aesthetics of the El Camino Real Corridor. Coordinating future growth with our transportation infrastructure has massive potential to substantially reduce traffic congestion and improve our quality of life.

## STRENGTHENING OUR FISCAL HEALTH

The District responded to the challenges of the recession by focusing on reforms that have improved the fiscal health of the agency. In particular, the District has reduced its costs by nearly \$64 million since 2009. As the region comes out of the economic recession, SamTrans' financial condition is improving. In FY2014, the District implemented its landmark SamTrans Service Plan (SSP), reinventing bus service on two-thirds of its routes with no increase in the operating budget while producing double-digit ridership increases.

**District employees contributed more than \$14 million in savings for the agency over five years.**

| STRATEGY  | FY2009 - FY2014 |
|---|-----------------|
| Bus service reduction   | \$3,300,000     |
| Fare increases  | \$1,925,000     |
| Reduction in District sales tax revenue to Caltrain           | \$39,400,000    |
| San Mateo County Measure A funds for paratransit              | \$5,000,000     |
| Administrative layoffs  | \$500,000       |
| Hiring and administrative salary freezes                      | \$2,125,000     |
| Furlough days   | \$2,010,000     |
| Employee contributions to retirement/medical coverage         | \$6,630,000     |
| Union wage freeze   | \$2,950,000     |
| Employee contributions totalling over \$14 million in savings |                 |
| Total   | \$63,840,000    |

**Table 1: The District Cost Savings Efforts - FY2009-FY2014**

*The San Mateo County Transit District reduced its costs by a total of \$63.8 million between FY2009 and FY2014 with the implementation of multiple financial reforms.*

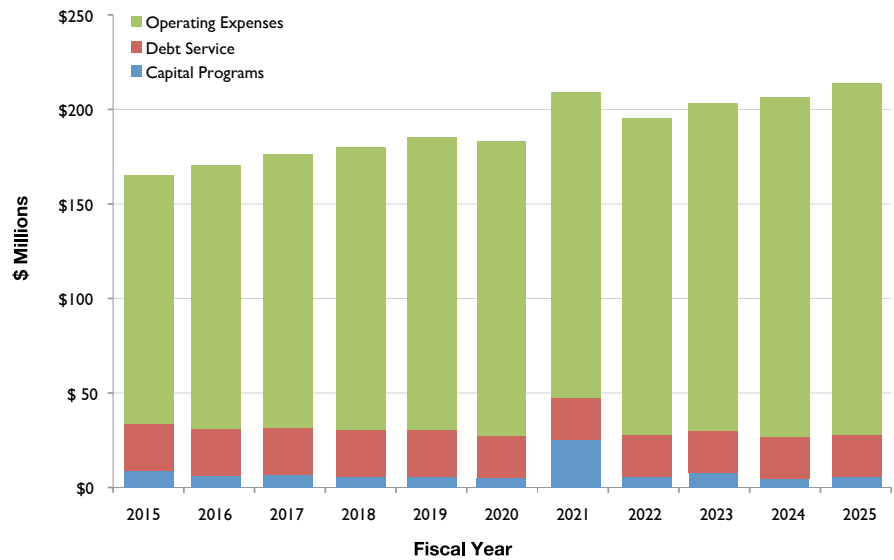
**Bus fares make up 11% of SamTrans revenues. However, bus operations make up 68% of its costs.**

**Figure 6: Projected Operating Costs FY2015-FY2025**

*About 68 percent of SamTrans’ operating costs are related to operating transit service. There are limited opportunities to decrease these costs without negatively impacting service, whereas addressing the \$20+ million in annual debt service can significantly decrease operating costs.*

Challenges remain. Like many public transit agencies, SamTrans has structural deficits driven by the uncertainty of funding from federal, state and local sources, particularly State Transportation Development Act funds that make up 23 percent of SamTrans revenue and a local half-cent sales tax that makes up another 45 percent. Because SamTrans can’t directly influence these, SamTrans’ has control over only a small part of its revenue stream, specifically farebox revenue, which makes up about 11 percent of its revenue.

On the other hand, bus operations make up 68 percent of SamTrans’ operating costs. However, much of those costs are outside the agency’s control. For example, compensation is vital to the proper staffing of a countywide transportation program. Further, salary and benefit costs are the largest component of the operating budget but are largely driven by external forces that have driven up health care and pension costs across the economy.



However, there's reason for optimism. As the San Mateo County economy continues to rebound, the District's FY2015 budget benefitted from a \$2 million increase in sales tax receipts from FY2014. Since full implementation of the SSP in January 2014, bus ridership is up more than 3 percent systemwide compared to 2013. New funding from the state's Cap and Trade program will bring revenue for transit programs, and the District is looking to refinance bonds and reduce the debt service that currently makes up 15 percent of its operating budget. These measures can help address the agency's structural deficit until 2019, when the agency begins to retire bonds over a 15-year period that can ultimately reduce more than \$20 million in operating budget obligations.

## **PROMOTING ORGANIZATIONAL EXCELLENCE**

San Mateo County Transit District staff takes pride in delivering high-quality transit service and supporting its three business units. SamTrans' buses are the cleanest in the industry, inside and out. Caltrain sets new ridership records with every passing month. The Transportation Authority continues to implement a robust multimodal transportation program that helps keep the county moving. There is a strong sense of camaraderie with co-workers, reflected by the high average tenure of employees.

However, the District has responded to significant challenges over the last five years by implementing significant cost-saving measures, reducing budgets and staff, while taking on complex initiatives like the SSP, the Caltrain Modernization Program and preparing for new enterprise software through the Business Optimization Program.



**A culture of safety, security and sustainability is an integral part of meeting the District's three priorities.**

As the District looks to become more efficient and effective in delivering its mission, it will have to address the increasing pace of change for SamTrans, Caltrain and the Transportation Authority. This will be exacerbated by the significant projected change in the workforce by 2019, a workforce that currently averages 50.7 years of age. Based on historic retirement and resignation trends, up to 52 percent of current employees could leave the District in the next five years, creating a potential loss of institutional memory and expertise. The District must get in front of this projected trend while embracing the benefits of organizational change.

This Strategic Plan emphasizes the need to effectively manage a changing county and organization. The District needs to continue to promote a safety-first culture that promotes security for the system and its customers. Corporate responsibility is vital for an organization with a reach across three counties; its sustainability programs must focus both on its own operational impacts on the environment, as well as promoting a similar ethic with its customers and communities.



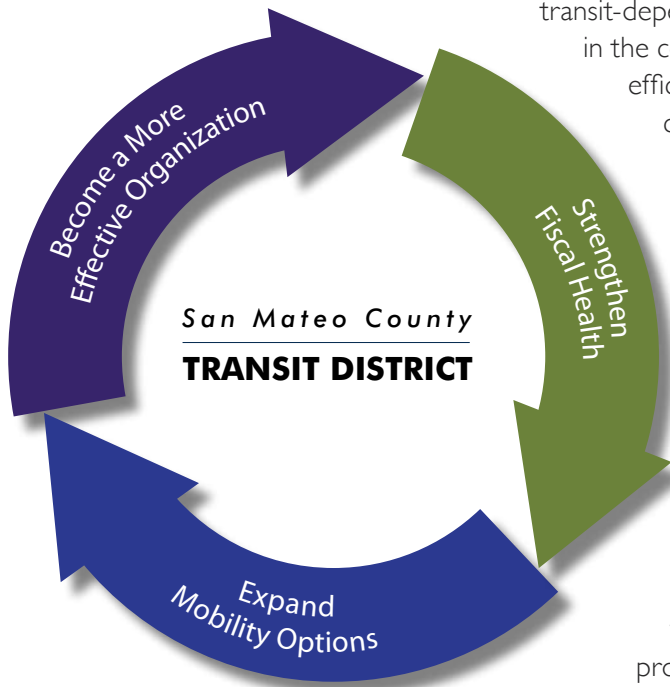


### 3. DEFINING PRIORITIES AND SETTING GOALS

The District will face a number of issues over the next five years that challenge us to focus our resources most effectively. To do this, the 2015-2019 Strategic Plan clarifies the agency's priorities and simplifies an action plan by setting five performance goals. These priorities and goals were developed through cross-sectional outreach to 75 employees working in seven departments on both capital and operating projects and all three business units managed by the District.

This Plan consolidates the 2009 Strategic Plan's six focus areas (Financial Integrity, Multimodal Services, Transportation & Land Use, Customers, Business Practices and Employees) into three priorities—Expand Mobility Options, Strengthen Fiscal Health and Become a More Effective Organization—that will drive the agency's performance for the next five years and beyond:





• **Expand Mobility Options.** This priority encompasses a multimodal approach to providing mobility in San Mateo County. SamTrans is planning an array of services that are flexible and more responsive to the needs of the county’s seniors, youth and transit-dependent. This approach also considers the other modes in the county and how they work together to create a more efficient transportation system overall. Working with local communities to tie transportation investments and land use decisions will further the creation of livable communities on the Peninsula.

• **Strengthen Fiscal Health.** SamTrans must continue its path to long-term, sustainable financial health, including a balanced approach to strategically reducing costs and looking for new ways to increase revenue. In addition, increasing safety awareness and sustainability practices affect the bottom line because business practices that reduce risk and increase energy efficiency contribute to cost savings.

• **Become a More Effective Organization.** This priority encompasses all activities that improve the District organization – from increasing efficiency, productivity and safety awareness, to retaining institutional knowledge and promoting corporate responsibility. Because District employees administer three business units, this priority influences the organizational culture for the Caltrain and San Mateo County Transportation Authority programs.

| PRIORITY                             | GOAL   |
|--------------------------------------|--|
| Expand Mobility Options              | Increase weekday fixed-route ridership by 15 percent |
| Strengthen Fiscal Health             | Increase fixed-route farebox revenue by 20 percent   |
| Strengthen Fiscal Health             | Reduce debt service by \$1.5 million annually        |
| Become a More Effective Organization | Improve organizational performance                   |
| Become a More Effective Organization | Manage workforce change                              |

**Table 2: District Priorities and Goals**

*The District has developed five goals for the next five years related to each of the three priorities: Expand Mobility Options, Strengthen Fiscal Health, and Become a More Effective Organization*

Through extensive involvement from the District’s internal Strategic Plan Working Group and Steering Committee, 25 goals on a broad range of topics were developed. In an effort to recognize resource constraints, the Plan focuses its performance on a manageable number of goals that will help the agency focus on what is most critical for preparing the agency for long-term success. As a result, five goals were developed for the next five years.

The Plan’s five goals are not pass or fail but rather aspiration targets that focus the resources of the organization to “move the needle” on key metrics that drive the District’s long-term success. These goals will be the basis for measuring progress of the District’s Strategic Plan. The first three goals have quantitative targets and are designed to be easily measured with existing processes and tools. However, the Plan recognizes that more information and discussion is needed to define goals for organizational performance and workforce issues and will be the focus on the District’s Strategic Plan Working Group.

**The Plan’s five goals are not pass or fail, but rather aspiration targets that focus the resources of the organization to “move the needle” on key metrics that drive the District’s long-term success.**



**The Plan is meant to be a living document that evolves over time, rooted in a process of continual implementation and evaluation.**

The District's Strategic Plan Working Group also will consider other ideas that were developed during the Plan's development to generate additional priorities. As such, this Plan is meant to be a living document that evolves over time, rooted in a process of continual implementation and evaluation.

Ultimately, the Plan lays out a series of actions, both specific and conceptual, that will define a robust implementation process. These actions tend to embody best practices, innovation and a focus on partnerships with internal and external stakeholders.





## 4. PRIORITY I: EXPAND MOBILITY OPTIONS

**The challenge.** Providing high-quality bus service to our customers is a challenge that SamTrans meets through a long standing culture of excellence in the operations and maintenance of our coaches. However, bus ridership is largely driven by forces outside our control. When the economy falters, people travel less. Sales tax revenues also decline during hard times, reducing revenue to operate transit. Because these external sources make up 68 percent of SamTrans' operating budget, a bad economy can force trimming of service that further affects ridership.

SamTrans must find ways to provide quality, cost-effective service in smaller communities that lack frequent service but have important senior and youth populations. These residents need mobility options and are important to the growth of bus transit in the short and long term. Ultimately, SamTrans must continually balance frequency and coverage, matching our level of service to demand, and do this with limited resources.

**SamTrans must continually balance frequency and coverage, matching our level of service to demand.**

## KEY OPPORTUNITY

Regional forecasts anticipate a stronger economy that spurs 10-20% increases in bus ridership through 2020. Future service changes should take advantage of this and rebuild a transit culture in San Mateo County.

**The baseline.** SamTrans is committed to operating a clean, comfortable, and cost-effective transit network that is oriented to the customer experience. As such, it will continue its ongoing work to:

- Promote a safety culture that provides the safest possible transportation system to our customers, employees and the general public.
- Operate a reliable, punctual system focused on customer convenience and comfort.
- Strive to maintain the system in a state of good repair.
- Invest proactively in cost-effective enhancements that will provide long-term cost savings.
- Continue to work with local governments and other stakeholders to promote livable communities along El Camino Real and other key travel corridors.
- Enhance its role as a mobility manager by promoting active transportation, including the Bay Area Bike Share program.
- Ensure that SamTrans services comply with federal Title VI Civil Rights Act mandates and environmental justice objectives.
- Provide public transportation in the most environmentally and economically sustainable manner possible.



**The strategy.** SamTrans will rebuild ridership over the next five years and beyond by defining a more robust role as mobility manager for San Mateo County. We will increase our leadership on developing partnerships with the community that will help improve service to the customer and mobility choices for communities throughout the county.

Our efforts will build off both the Metropolitan Transportation Commission's Transit Sustainability Project (TSP) and the SamTrans Service Plan by focusing on six key strategies.

- Enhance fixed-route service in core markets with denser populations and job centers.
- Work with its partners on the Grand Boulevard Initiative to revitalize the El Camino Real corridor and promote transit-oriented development.
- Use pilot projects to build new partnerships and test new service delivery options in smaller markets.
- Develop strategies to improve travel options for the growing senior population.
- Develop a strategy focused on understanding and addressing the challenge of the youth market, particularly middle and high school students that are open to public transit.
- Explore operational enhancements that can grow ridership such as evaluating the discounted Day Pass.

## KEY OPPORTUNITY

MTC projects an increasing shift in growth toward El Camino Real that will produce more opportunities to service more customers cost-effectively.



## KEY OPPORTUNITY

With continuing growth in Caltrain ridership, SamTrans can provide a viable alternative by providing faster service for shorter commuter trips.

## GOAL:

Increase Weekday Fixed-route Ridership by 15%

## ACTIONS:

### *Service Enhancements*

- I-1** Implement the Transit Sustainability Project Strategic Plan as required by MTC.
- I-2** Enhance fixed-route service cost-effectively in core markets.
- I-3** Work with external stakeholders on further refinements to fixed-route service concepts in the SSP.
- I-4** Consider implementing select El Camino Real Bus Rapid Transit (BRT) enhancements as early as 2017.
- I-5** Explore enhancing service in strategic markets, such as northbound service to San Francisco International Airport (SFO) and other emerging growth centers.
- I-6** Continue to implement and evaluate pilot service projects in smaller markets to ensure mobility options in lower density communities.
- I-7** Update the 2006 Senior Mobility Action Plan to refresh the strategy to enhance senior programs.
- I-8** Conduct research on youth markets in order to develop a youth ridership strategy.
- I-9** Evaluate the effectiveness of the discounted Day Pass.
- I-10** Explore amenities such as WiFi on buses that could attract commuters, students, and others who have longer trips.
- I-11** Consider a timed-transfer pulse system at key transfer points with limited headways from one or more routes.
- I-12** Analyze all major transfer points and improve the customer transfer experience.
- I-13** Work with Caltrain to improve wayfinding signage at Caltrain stations directing passengers to bus stop locations.



## Community Partnerships

- I-14** Work with community partners on synergistic land use development policies that support transit investments through the Grand Boulevard Initiative.
- I-15** Develop and implement a transit-oriented development policy that both guides development of SamTrans assets and influences growth near major SamTrans transit hubs.
- I-16** Coordinate with the Peninsula Traffic Congestion Relief Alliance, the San Mateo County Transportation Authority, the City/County Association of Governments, local governments, and other stakeholders on new services and financial partnerships that support both commuter and community-based shuttles.
- I-17** Bring community stakeholders together in smaller markets to refine service models through pilot projects designed around partnerships with local governments, school districts, chambers of commerce, Caltrain, the San Mateo County Transportation Authority, and other local stakeholders.
- I-18** Work with the San Mateo County Paratransit Coordinating Council and other stakeholders on new partnerships that improve paratransit service and go beyond ADA requirements.
- I-19** Incorporate community outreach efforts into SamTrans projects and initiatives, including increasing public awareness of the environmental, financial, and social benefits of riding public transit.
- I-20** Explore public-private partnerships with shared ride and ride-sharing providers that can serve smaller markets.

## KEY OPPORTUNITY

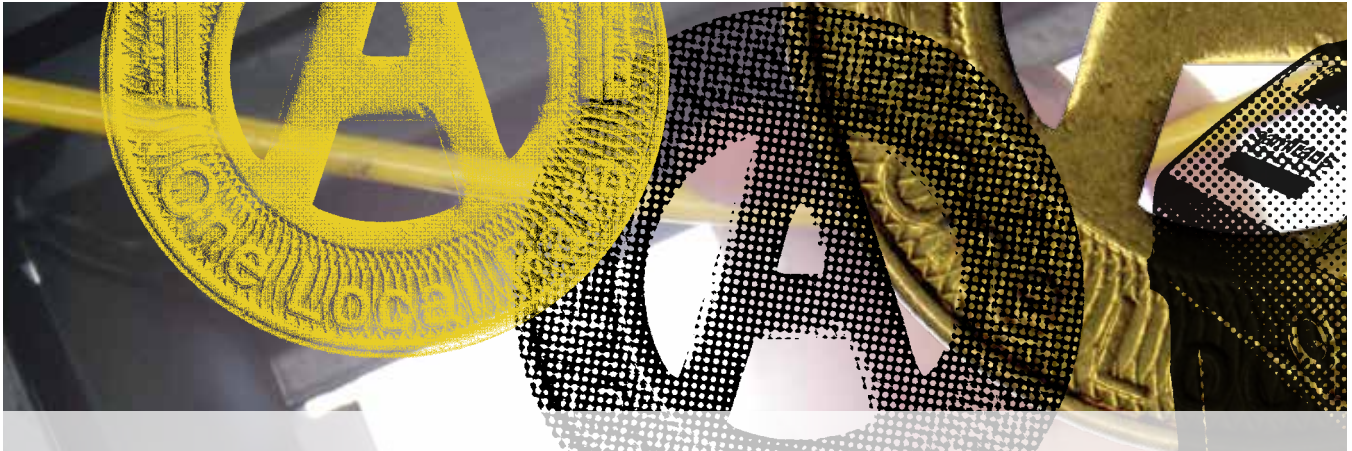
The senior population in San Mateo County could grow 24% by 2019, five times faster than the general population. Serving seniors with fixed-route buses is more than six times cheaper than relying on paratransit service.

## KEY OPPORTUNITY

Youth drive 23% less than previous generations. In the past 10 years, youth from middle-class households doubled their use of public transit.







## 5. PRIORITY 2: STRENGTHEN FISCAL HEALTH

**The challenge.** While the District's cost-saving measures have reduced its structural deficit by \$64 million since 2009 and stabilized the agency's fiscal condition, we still face a structural deficit driven by three key factors:

- District revenues are unpredictable from year to year, as more than 68 percent come from sales taxes that are driven by the economy.
- Legacy costs tied to health care and retirement pensions are rising. For example, retirement-related costs are likely to increase as 31 percent of the District's workforce could retire in the next five years.
- SamTrans has ongoing debt service that makes up 15 percent of budget liabilities. These and other issues impact the agency's fiscal stability and must be addressed.

**Ongoing debt service makes up 15% of budget liabilities.**



**The Plan calls for leveraging an improving economy and continuing the path toward long-term fiscal health by looking at measures that will build increasing fiscal predictability and stability for the organization.**

**The baseline.** SamTrans will continue to implement best practices that contain costs within its control and look to maximize its revenue opportunities, including:

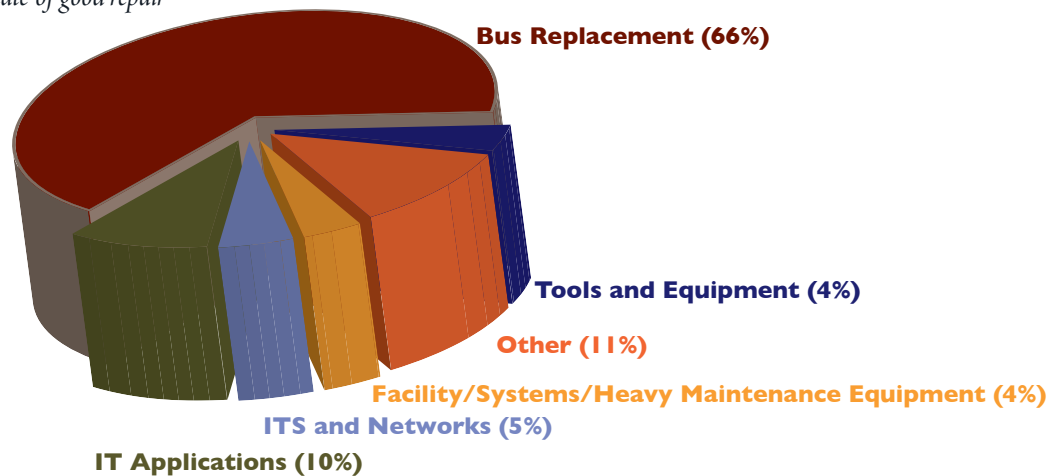
- Improving system-wide cost effectiveness by implementing the Metropolitan Transportation Commission’s Transit Sustainability Project Strategic Plan.
- Considering safety and security issues in investment decisions to minimize risk to the District.
- Identifying opportunities for additional dedicated funding.
- Reducing controllable costs, such as debt financing.

**The strategy.** The Plan calls for leveraging an improving economy and continuing the path toward long-term fiscal health by looking at measures that will build increasing fiscal predictability and stability for the organization. This includes strategies that increase revenue, including building transit bus ridership that will in turn increase fare revenue, developing a fare strategy, and pursuing new sources of revenue.

This Plan also looks for measures within SamTrans’ control that can reduce operating and capital costs. This includes refinancing all prudent outstanding debt that can reduce operating budget costs by \$1.5 million or more annually. Ultimately, the Plan looks to stabilize the agency’s fiscal health, build financial reserves, and allow the agency to gradually reduce its \$24 million annual debt service by retiring bonds over the next 20 years.

**Figure 7: Capital Improvement Program Components**

*About two-thirds of the Capital Improvement Program funds important state-of-good repair bus replacements.*



The following are the two fiscal health goals that have been set for the next five years.

## GOAL:

Increase fixed-route farebox revenue by 20%.

## ACTIONS:

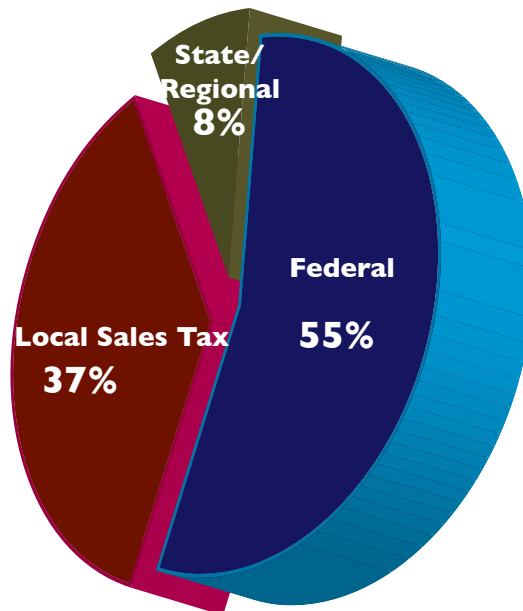
- 2-1 Implement the TSP Strategic Plan as required by MTC.
- 2-2 Implement strategies to increase ridership on fixed-route bus services.
- 2-3 Institute fare increase for fixed routes by 2016.
- 2-4 Develop a fare structure that makes the system easier to use, encourages people to ride and is easier to administer.

## GOAL:

Reduce SamTrans debt service by \$1.5 million a year.

## ACTIONS:

- 2-5 Develop an action plan to reduce debt service that optimizes both cash flow and retirement of debt service.



**Figure 8: Capital Improvement Program Funding Sources**

SamTrans, similar to many other transit agencies, is increasingly reliant on local sources to fund its programs, such as the dedicated half-cent local sales tax.

An additional goal to implement existing and new best practices includes suggestions for improving upon the budgeting process and financial decision-making.

**GOAL:**

Implement existing and new best practices.

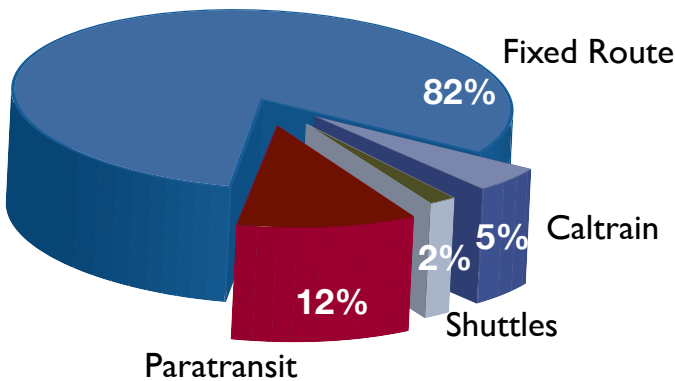
**ACTIONS:**

*Develop a more strategic budget planning process:*

- 2-6 Implement a multi-year budgeting process that formalizes the role of the Capital Improvement Program.
- 2-7 Include a metric of "return on investment" when evaluating financial and procurement strategies.
- 2-8 Improve projections of lifecycle costs into project decision making.
- 2-9 Maximize long-term financial savings by incorporating a full evaluation of economic, environmental, and social costs in the decision-making process.
- 2-10 Develop a reserves policy.

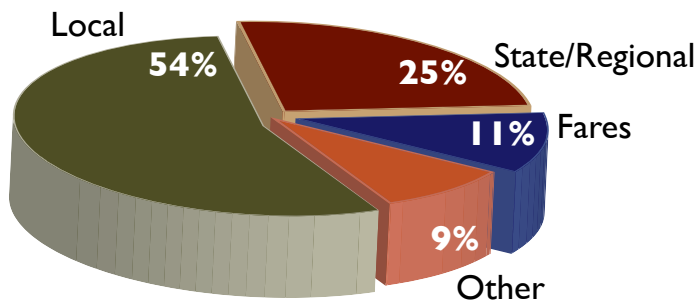
**Figure 9: Costs FY2015**

Costs are primarily composed of expenses related to operating fixed route service, although 12 percent of costs are related to providing paratransit service, which is an unfunded mandate by the Federal Transit Administration.



**Figure 10: Revenue FY2015**

Due to the healthy economy, projected revenues from local sales tax are higher than recent years, while state and federal sources remain limited.



### Control operating costs:

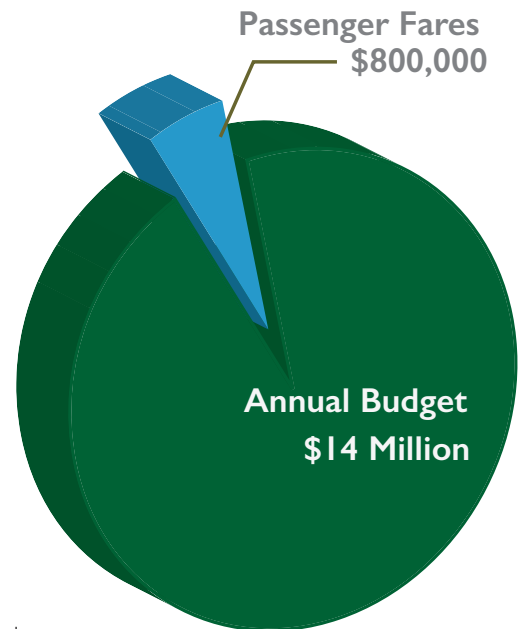
- 2-11 Evaluate enhancements that reduce bus operating costs (e.g., car relief for operators).
- 2-12 Incorporate safety, security, and sustainability considerations into financial decision-making.
- 2-13 Invest in improvements to our facilities and fleets that conserve natural resources, reduces waste, and controls costs.

### Generate more revenue:

- 2-14 Maximize potential for cap-and-trade revenue opportunities.
- 2-15 Charge market rate for all services and property provided to third parties.
- 2-16 Enhance pursuit of grant opportunities.
- 2-17 Explore creative revenue sources, like expanded sponsorship of SamTrans assets.
- 2-18 Consider partnerships with other stakeholders to fund alternatives to traditional SamTrans fixed-route transit service.
- 2-19 Assess all real estate holdings/leases and evaluate long-term options for increasing revenue, including use of Central, North Base, South Base, Pico Boulevard (access road to South Base) and Brewster Avenue (contractor base in Redwood City).

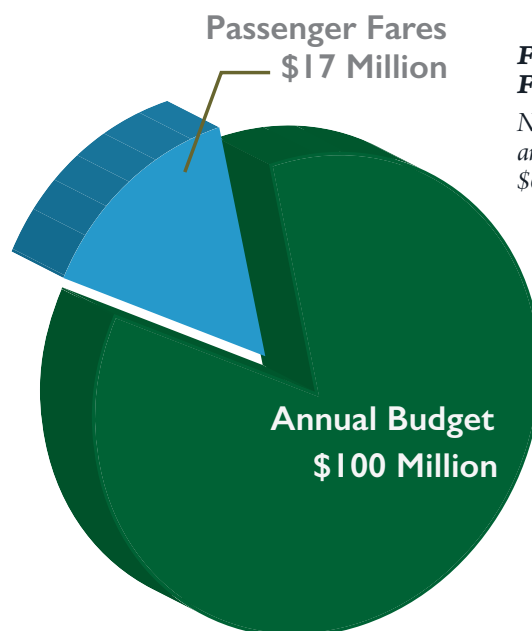
**Figure 11: Paratransit Service Funding Sources**

About 5 percent of paratransit service costs are covered by passenger fares, requiring a \$45 per trip subsidy from other sources.



**Figure 12: Fixed-route Service Funding Sources**

Nearly 17 percent of fixed-route service costs are covered by passenger fares, requiring a \$6.50 per trip subsidy from other sources.









## 6. PRIORITY 3: BECOME A MORE EFFECTIVE ORGANIZATION

**The challenge.** All organizations face internal and external challenges and must be diligent in identifying and addressing them on a regular basis to remain effective and adaptive to change. This requires ongoing assessments, analysis, action planning, and involvement from staff at all levels of the organization.

The District has a number of significant initiatives over the next five years that will challenge the organization, including:

- SamTrans: Bus service planning, fare policy review
- Joint Powers Board: Caltrain Modernization, Caltrain Communications-Based Overlay Signal System-Positive Train Control (CBOSS-PTC), configuration management
- Transportation Authority: Strategic Plan update, ongoing Calls for Projects
- District-wide: Business Optimization Program, Cap and Trade revenue programs

**The District has a number of significant initiatives over the next five years that will challenge the organization.**

**Because the District’s staff average 51 years of age, about 31% of employees could retire by 2019.**

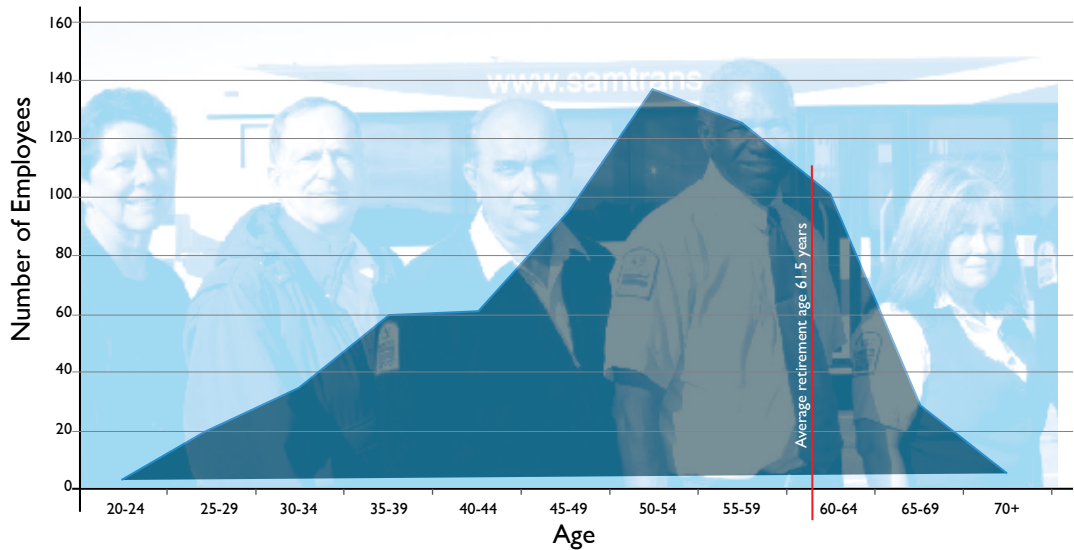
As the District implements these and other priorities, it must also address the challenge of a changing workforce. Like many organizations, the District’s workforce mirrors the baby boom demographics of the population. Because the District’s staff averages 51 years of age, about 31 percent of employees could retire by 2019. When combined with voluntary resignations, significant turnover could occur. The organization must get in front of this shift and preserve institutional stability while embracing the advantages of bringing new blood to the workforce.

**The baseline.** The District must continue to invest in the organization and its employee workforce by bolstering its institutional knowledge, building human capital, and providing staff with the tools to optimize its delivery of high-quality service to its internal and external customers. These include:

- Continuing its workforce development programs, such as the Regional Training and Development Consortium, new supervisor training, and ongoing training opportunities for administrative, operating and maintenance staff.
- Implement the Business Optimization Program and the efficiency of the District’s enterprise software system.
- Continuing to participate in leadership programs that build management skills for District employees, such as the Eno Center for Transportation and Mineta Transportation Institute.
- Continuing internship programs that introduce promising students to career opportunities at the District.

**Figure 13: District Employees by Age in 2014**

*Although the average retirement age from the District has been 61.5 years of age, almost one-third of current employees will be eligible for retirement (55 years of age) by 2019, indicating the potential start of an accelerating rate of retirements.*



**The strategy.** The District will focus on strategies that will improve the short- and long-term effectiveness of its administration of SamTrans, Caltrain and Transportation Authority programs. A Strategic Plan Working Group will define and oversee implementation of actions that improve communication and retain institutional knowledge. These efforts will focus on two goals that will be used to define the progress of the District's Strategic Plan.

## GOAL:

Improve organizational performance.

## ACTIONS:

- 3-1** Develop an internal communications plan that improves information sharing to and from executive management.
- 3-2** Increase cross-department understanding/cooperation by implementing a program of informal information sharing events (e.g., brown bag lunches) between departments and holding regularly scheduled multi-department meetings on shared projects/processes.
- 3-3** Administer a regular, professionally-developed employee survey to benchmark and track organizational performance.
- 3-4** Facilitate a transparent decision-making process, starting with a revised budget development process.
- 3-5** Encourage new ideas at all levels and establishing a vetting process by developing a process (suggestion box) for soliciting and reviewing ideas.
- 3-6** Standardize interdepartmental procedures for efficiency and performance.
- 3-7** Utilize technology to enhance processes and stay current and competitive within the industry.
- 3-8** Maintain a clean and safe work environment that facilitates creativity and peak performance.
- 3-9** Promote sustainability and corporate responsibility.



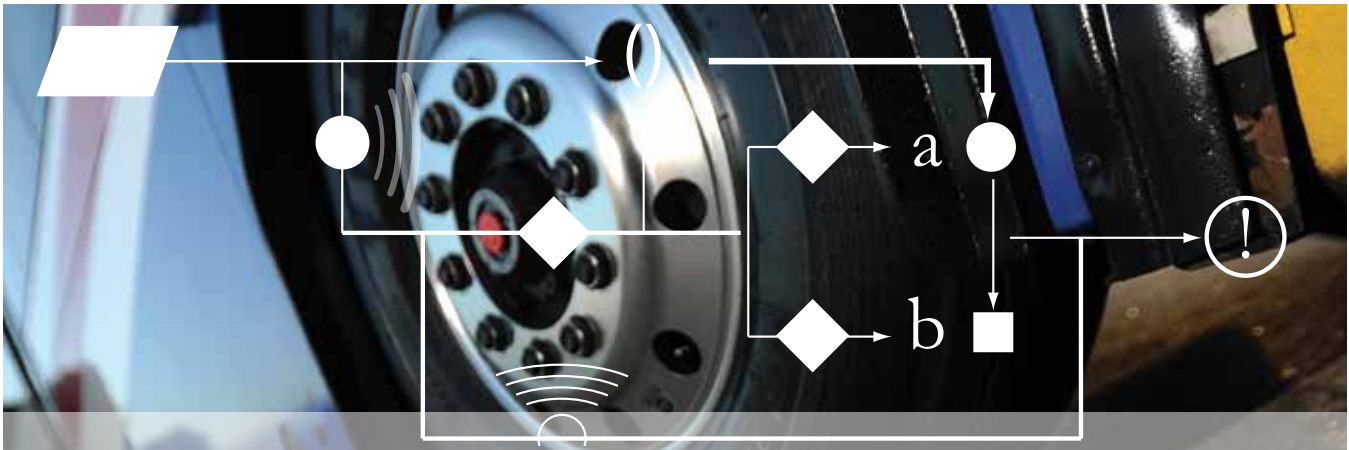
## GOAL:

Manage workforce change.

## ACTIONS:

- 3-10** Have departments forecast future retirements and staff turnover and develop a succession plan to retain institutional knowledge and ensure business continuity. These plans could consider needs for cross-training or hiring and training new staff in preparation for anticipated retirements, resignations, and advancement opportunities.
- 3-11** Create a logical system for filing and accessing key documents in a central location.
- 3-12** Develop a formal or informal mentoring program within or across departments.
- 3-13** Consider increasing Human Resources staffing to ensure personnel recruitments can be accomplished efficiently.
- 3-14** Consider development of standardized training for all managers, focusing on the issues of personnel supervision, mentoring, and workload management.
- 3-15** Develop strategies to retain employees including using survey data or other tools to identify what drives employee retention.
- 3-16** Explore workforce housing strategies that help attract and retain quality personnel and talent.

In addition to these two goals, other areas for organizational improvement were identified during the development of the Strategic Plan. As part of the implementation strategy, the Working Group will determine how to incorporate these and other industry best practices.



## 7. IMPLEMENTATION

The Strategic Plan is the primary tool for communicating the District's priorities and will serve as a guide for policy, service and investment decisions for staff, executive management, and the Board of Directors over the next five years. The Plan will help guide annual budget priorities and everyday decisions by focusing on five key goals. In order to ensure deliberate movement toward these goals, a robust implementation process is needed that can:

- **Drive funding decisions.** The Plan will guide annual budget decisions. For SamTrans, the capital and operating budgets will be directly informed by the Strategic Plan. For Caltrain and the Transportation Authority, the organizational goals and actions will drive appropriate operating budget priorities. Each year, the District Board will refine the following year's strategies to ensure that resources are available in order to achieve the Plan's goals.





- **Be owned and implemented by staff.** The Plan will be actively implemented through all levels of the organization. An internal Strategic Plan Working Group composed of the agency's Directors and other key staff will continue to develop and refine strategies as needed and monitor Plan implementation and ensure that everyday actions are guided by these priorities. This includes delegating key strategies to individuals or departments that are identified as action owners. The working group will work with the Executive team on a regular basis to obtain support for refinements to the strategies, and annually monitor progress toward the goals. Ultimately, all District employees own the Plan, and the success of the Plan and the long-term success of the agency depends on buy-in from staff from top to bottom.
- **Ensure the Plan is a living document.** The Plan blends reality with vision by defining a robust implementation process that measures progress and makes adjustments as needed. An annual report at the end of each calendar year will document progress toward implementing short-term actions and longer-term initiatives and assess whether the strategies should be adjusted to respond to a changing landscape. In the end, the Plan should optimize the District's actions and resources to ensure that its top goals remain the focus of the organization's efforts.

During the remainder of FY2015, the Strategic Plan Working Group will:

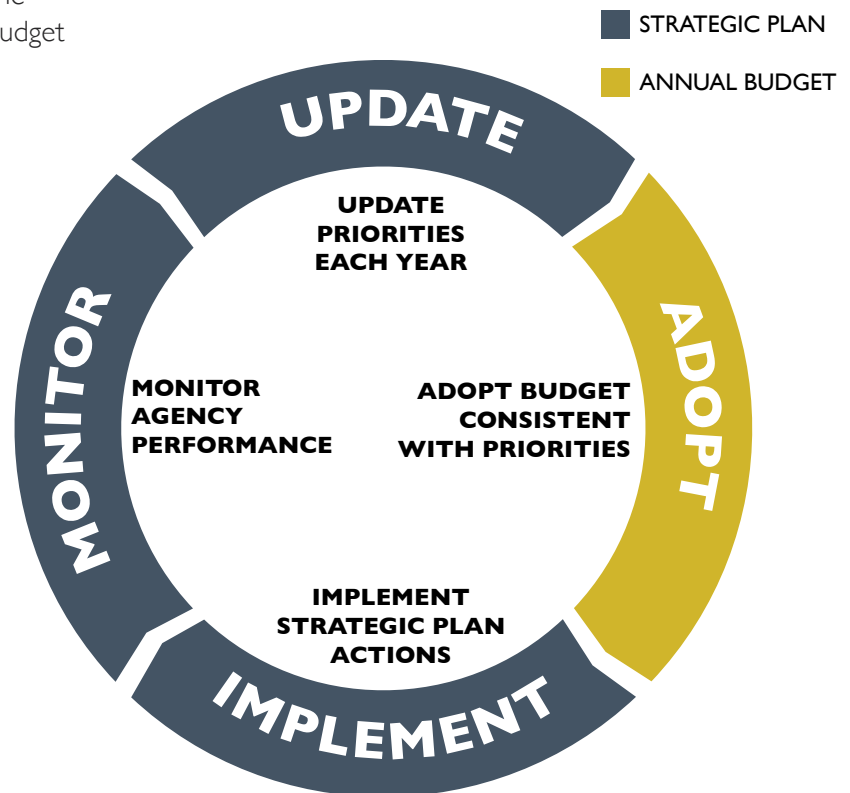
- Form subcommittees to address the Plan's goals and refine the strategies.
- Identify remaining gaps in the strategies and/or metrics.
- Refine the implementation schedule and identify action owners.
- Develop a process for collecting and organizing ideas from staff.
- Manage the implementation of the short-term strategies.

The implementation of the Plan will be a rolling process to be managed by the Working Group. The following exhibit conceptually illustrates the implementation process. The core of the Strategic Plan lays out a policy framework for the District and will be fully updated every five years. While this framework is not likely to change, amendments can be made as developments warrant.

Like a business plan, the Strategic Plan includes an implementation plan. This plan will clarify the District's priorities for the next fiscal year budget while setting the stage for the next set of priorities that are advanced through this multi-year prioritization process. This approach can and should be integrated into the annual budget process to ensure that both processes benefit from a multi-year approach. This schedule will be updated by the Working Group as more information becomes available and operating budgets are developed.

**Figure 14: Strategic Plan and Annual Budget Cycle**

*The annual budget cycle provides the opportunity/context to monitor, review and propose new initiatives for Strategic Plan implementation.*









## 8. PUBLIC INPUT

During the development of the District's Strategic Plan, there was substantial input from the public and external stakeholders. The bulk of comments were received during two public comment periods. The first was in March and April 2014, when public input helped to shape the scope of the draft Plan. Subsequently, the District released a Draft Plan on October 1, 2014 and solicited public comment during the month of October. The District received numerous written comments, as well as dozens of comments through a series of public hearings and meetings in 2014, including:

- SamTrans Citizens Advisory Committee, February 26, 2014
- SamTrans Board of Directors, March 5, 2014
- Public meetings, April 2014
- SamTrans Board of Directors, October 1, 2014
- Public meetings, October 2014
- SamTrans Citizens Advisory Committee, October 29, 2014

**Table 3: Summary of Comments and Responses**

*A summary of public and stakeholder comments in three categories made between March and October of 2014 and; the status of how the comments are being addressed now and in the future.*

| COMMENT   | RESPONSE  |
|---|---|
| <b>Bus Service</b>  |   |
| Consider improving bus service to San Carlos schools and neighborhoods  | While federal regulations prohibit SamTrans from directly serving schools, we are evaluating how FLX and other services may be changed to best serve the San Carlos community.            |
| Consider improving bus service in South San Francisco and connections to El Camino Real   | The Strategic Plan calls for the study of innovative service delivery options in jurisdictions like South San Francisco. SamTrans will continue to look for ways to serve this community. |
| Improve service to San Francisco Airport  | The Strategic Plan calls for studying the potential for service to SFO and other activity centers.  |
| Increase connections from the Coastside to BART and Caltrain  | SamTrans will continue to explore methods for improving connections along the coast.  |
| Increase timed transfer opportunities with Caltrain, BART, VTA  | SamTrans will continue to explore methods to improve timed transfers with connecting services.  |
| Increase frequency to medical services and senior centers   | The Strategic Plan calls for the study of innovative service delivery options that can improve local service to medical facilities, senior centers, and other destinations.               |
| Support alternative service models where fixed-route is ineffective   | The Strategic Plan calls for the study of innovative service delivery options in communities with less transit demand.  |
| <b>Customer Service</b>   |   |
| Improve safety and security of access to stops  | The Strategic Plan identifies this as a key action for the agency.  |
| Improve bus stop amenities  | The Strategic Plan identifies this as a key action for the agency.  |
| Improve on-bus amenities (e.g., WiFi)   | The Strategic Plan identifies this as a key action for the agency.  |
| Increase marketing of SamTrans services to youth and seniors  | The Strategic Plan identifies this as a key action for the agency.  |
| Increase Clipper card/token outlets, and promote to seniors   | The Strategic Plan identifies this as a key action for the agency.  |
| Expand Mobility Ambassador Program  | The Strategic Plan identifies the evolution of a senior mobility program as a key action for the agency.  |
| Market 511 to seniors   | The Strategic Plan identifies the evolution of a senior mobility program as a key action for the agency.  |
| Improve contract operator customer service training   | The Strategic Plan identifies this as a key action for the agency.  |
| Develop fare policy   | The Strategic Plan identifies this as a key action for the agency.  |
| <b>San Mateo County Transit District Organization</b>   |   |
| Develop transit-oriented development policy   | The Strategic Plan identifies this as a key action for the agency.  |
| Implement previously adopted transportation planning efforts: Grand Boulevard Initiative, Community Based Transportation Plans, Countywide Transportation Plan for Low Income Populations | The District continues to implement these and other initiatives as part of a comprehensive approach to mobility management.   |
| Implement transit as public health strategy   | The Strategic Plan recognizes the value in promoting public policy objectives like public health and wellness.  |
| Manage workforce change to maintain effectiveness   | The Strategic Plan identifies this as a key action for the agency.  |
| Continue to implement sustainable business practices  | The Strategic Plan identifies this as a key action for the agency.  |

## **Board of Directors**

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Rose Guilbault

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