

AC Transit Strategic Plan

D R A F T December 14, 2018

Introduction

Organizations of all types use strategic plans to keep themselves “on track” as they try to achieve their many goals. A strategic plan can be defined as a management tool that “is used to define an organization’s vision, mission, core values, challenges, and opportunities; establish long- and short-range goals; guide business processes; and measure performance. It helps an organization create its future rather than just react to it.”¹ A strategic plan makes an organization more *efficient* by directing its resources away from activities that aren’t essential to achieving its goals. It also makes an organization more *effective* by better delivering the product that it was designed to deliver. Strategic planning can help the Alameda-Contra Costa Transit District (also known as AC Transit or the District) concentrate its time and resources on those activities that are its primary focus. This is particularly important in this period as new passenger transportation alternatives emerge and seek to take root. Transit’s competition can result from “old” threats, such as cheaper car travel due to a long period of low gas prices. Competition can also arise from “new sources” like the changing mix of travel options—including bicycle sharing, scooters, and TNCs.

AC Transit first developed a strategic plan about twenty years ago. The principles of that plan were presented in many subsequent documents, including the Short-Range Transit Plan and the Strategic Vision published in 2002. However, over time, the Strategic Vision became too narrow, and the agency began to face new challenges not originally envisioned. The AC Transit Board of Directors therefore decided that a Strategic Plan was needed to better reflect the agency’s current mission and objectives. That plan is summarized in this document; it is the result of an 18-month interactive effort between agency staff, Board members, and consultants. The details of its development are available in a separate Technical Appendix.

In order to be of most use in guiding the actions of AC Transit, this Strategic Plan must be a living document that changes with changing circumstances. It should be considered by the agency’s staff and Board when making budget and even routine day-to-day decisions. Moreover, the Plan should be updated periodically to reflect current and anticipated conditions. In this way, the Strategic Plan can serve as a roadmap to help AC Transit shape the future.

¹ p.3, “Strategic Planning and Management in Transit Agencies” (Transit Cooperative Research Program, TCRP Synthesis 59), lead author Judson J. Lawrie, Washington, DC: Transportation Research Board, 2005

Background—AC Transit—The Same as and Different from Other Transit Agencies

AC Transit, like other transit agencies, must constantly meet the challenge of simply providing service. Our service operates 24 hours a day, 7 days a week in a 364 square mile district. (If it were an incorporated city, the AC Transit district would be the third largest by area in California and the 9th largest nationwide). Our passengers depend on us for 150,000 trips every weekday.

AC Transit has an unusual set of demographical, historical, and financial characteristics. Organizationally, AC Transit is a standalone special district, not part of a city, county, regional, or state government. Most large American transit agencies focus on their region's primary downtown. AC Transit (increasingly) serves Downtown San Francisco, but our service converges on Downtown Oakland—the Bay Area's second largest downtown. AC Transit is the country's third largest bus only transit agency. The District is also unusual in operating a transit bus system where another agency operates the transit rail system.

Yet transit agencies around the country face serious challenges, many struggling to retain their current passengers. The “relevance” of metropolitan bus transit in a changing passenger transportation landscape is being questioned as never before. However, buses still carry almost two thirds--64%--of the transit trips in the US (exclusive of the New York subway). More people in the AC Transit district live within easy walking distance of frequent bus service than to BART. Transit agencies see their bus service is part of an irreplaceable spine for their region's development.

The first decades of the 21st Century have been a time of great ferment in transportation, with positive and negative consequences for transit. There have been periods of rising and falling ridership, bus ridership falling in the last five years at most US agencies. A new bus service model—Bus Rapid Transit (and the “lite” version, Rapid Bus) - has been successfully introduced in the US. In California, transit agencies have been directed to transition to 100% “zero emission” bus fleets. Transportation Network Companies (TNCs) such as Uber and Lyft have spent billions in investor capital to develop technologies and business plans that directly compete with public transit, and to build market share by subsidizing rides in urban, transit-friendly neighborhoods.

The last few years have seen a resurgence of residential development in historically transit-oriented areas such as Downtown Oakland and Downtown Berkeley. A century ago, the inner East Bay had—in the Key System—one of the richest transit networks in the US, one described as “development-oriented transit.” Now a few new nodes of transit-oriented development, notably the Emeryville core and Alameda Point, are emerging. Certain century old transit corridors--particularly Broadway (Oakland), Telegraph Avenue, and San Pablo Avenue (Oakland/Emeryville/Berkeley) have also attracted new residential development. In addition, some East Bay cities have relaxed their parking requirements for new development, acknowledging the potential for more transit-focused travel patterns. Young people are delaying acquisition of driver licenses, orienting their lives more closely to transit.

The Strategic Plan takes this physical and fiscal environment as background and draws on AC Transit planning documents that remain relevant. These include the Major Corridors Plan, adopted in 2016, provides approaches for long term build out of the District's dozen key East Bay corridors. The AC Go project built on the Major Corridors Plan, and laid out proposed routing for all East Bay routes. The District is purchasing zero emission buses and evaluating the infrastructure needed to support a 100% zero emission fleet.

Our Multi-Agency Context—Advances Require Partners

Transit agencies, especially bus transit agencies, do not operate in a vacuum. We can only succeed if we can successfully collaborate with our partner agencies and companies.

Much of the AC Transit district's geography was originally developed as transit-based, but billions of dollars of auto-oriented investments have reshaped the East Bay's landscape. AC Transit plans, operates, and maintains its own system, buses, and facilities. But cities, counties, and Caltrans plan and manage almost all of the roadways we operate on. The decisions that cities make about prioritizing various modes of travel on their roads crucially shape AC Transit's operations. The Eno Transportation Foundation notes that metropolitan transit planning nationally is disproportionately attentively to rail rather than bus transit.

There is growing consensus within the transit industry that major bus routes need dedicated lanes to provide the fast, pleasant, reliable service that riders want. There is growing interest in rationalizing and simplifying Bay Area transit fares, particularly for interagency trips. The electricity grid will need to be strengthened to handle the load from increasing numbers of electric buses and vehicles. These are all changes which AC Transit can propose and champion, but only achieve in **partnership**.

Components of Our Strategic Plan

Strategic plans consist of several elements, each of which focuses in more detail on how the organization should conduct its business. The strategic planning process at AC Transit began early in 2017 with a S.W.O.T. analysis in which senior management outlined the Strengths, Weaknesses, Opportunities, and Threats facing the District. This was accompanied by consideration of our Core Values—the ideals we use to help guide our work. These two background components formed the basis of a consultant collaboration the following year. The consultant interviewed AC Transit Board members and senior staff about the role that AC Transit should play in the Bay Area. The consultant then conferred with staff to create scenarios describing alternative ways in which AC Transit could function over the next five to ten years. Once the Board of Directors settled on a favored scenario, the primary elements of our Strategic Plan were formed: a Vision Statement, Mission Statement, Goals, Objectives, and Key Performance Indicators (or KPIs). The complete strategic planning process is explained in more detail in the Technical Appendix to this Strategic Plan. The separate elements of our plan are summarized in the pages that follow.

Initiatives

A major challenge for the District—“a big lift” - is to identify and implement strategic actions which take the District beyond everyday struggles. Yet that effort represents the “strategic” part of the strategic plan. Therefore the Plan now identifies (at the end of the document) large scale Initiatives which can create game changing advances. The Initiatives are the framework for the next steps under the Plan.

Our Core Values

A strategic plan should reflect the core values of the people in the organization, including both staff and governance. *Core values* are the fundamental ideals that form the foundation of the work of an organization. AC Transit’s core values, as defined in the 2017 workshops and then refined by the strategic planning team, consist of the following:

- **Safety:** We will plan and deliver bus service in ways that promote the health and safety of our customers, our employees, and the general public.
- **Service:** We are committed to a service structure that directs resources to rider groups with the greatest need and also offers the greatest opportunity to support car-free urban living in the Inner East Bay. We expect that the customer experience in using the system is safe, reliable, fast, clean, and pleasant.
- **Environmental Sustainability:** We will create a culture of environmental stewardship through the use of technologies, procedures, and policies that reduce the environmental impact of District operations and contribute to regional, state, and federal sustainability goals.
- **Equity:** We believe that equity of access to mobility should be a factor in all agency decisions. This means balancing the needs of people who have special transportation challenges with the geographic coverage expected throughout the District.
- **Innovation:** We are open to adoption of new technologies, procedures, and practices to improve efficiency and effectiveness.
- **Integrity:** We always try to do the right thing, to be honest and straightforward with each other and the public we serve.
- **Trust:** We respect our customers and colleagues and treat them as we want to be treated. We have confidence in each other’s capabilities and intentions and believe that people work best when there is a foundation of trust.

These seven values form the principles that guide all the other elements of AC Transit’s Strategic Plan.

Our Vision

A strategic plan’s *vision statement* is a brief description of the future that broadly explains what an organization is trying to become. It describes a future condition in which the organization has achieved its objectives. As mentioned above, interviews were held both with the management and Board of AC Transit to determine their ideas about the future direction of the agency. These ideas were then

categorized into four scenarios that described alternative roles that AC Transit could play in the future (see the Technical Appendix for more detail). The scenario favored by the Board was termed *Focused Improvements*, in which agency resources would be shifted toward line-haul bus service in major corridors and Flex service in lower-density areas. More collaboration with local communities would result in increased transit preferential treatment on city streets and better enforcement of curb space reserved for buses. The scenario also envisioned greater funding for Transbay bus service and better coordination between transit and land development. All of these accomplishments would ensure that the agency not only achieve its goals, but is recognized and valued for doing so.

The overall approach of this Strategic Plan is to focus bus transit resources on the services that AC Transit can provide best, the services which will continue to be needed by transit-dependent people, and the services which help East Bay cities meet their land use and environmental goals.

Based on the consensus around the Focused Improvements scenario, the following vision statement was crafted:

AC Transit is valued as a leader that helps the Bay Area thrive by connecting East Bay communities to each other and to regional destinations.

Our Mission

The *mission statement* of a strategic plan is a concise summary of the purpose of an organization and how it intends to realize its vision. It also helps everyone understand what would *not* be happening if the agency did not exist. AC Transit's previous mission statement was no longer effective in guiding the actions of the District, so the following mission statement was developed:

We deliver safe, reliable, sustainable transit service that responds to the needs of our customers, and communities.

This mission statement confirms that AC Transit's main focus is on high-quality transit mobility.

Our Goals and Objectives

Goals are broad statements of what an organization seeks to do in carrying out its mission. Six goals were identified by AC Transit's management and Board to guide the agency:

- **Safe and Secure Operations**
- **Convenient and Reliable Service**
- **Financial Stability and Resiliency**
- **High-Performing Workforce**
- **Strong Public and Policy Maker Support**
- **Environmental Improvement**

Objectives are specific statements of exactly how the agency proposes to achieve each goal. Some objectives can be considered *transformational*; they are fundamental to the achievement of our vision and the Focused Improvements scenario. Others are *functional*; they are needed for us to conduct our day-to-day business. The following clarifies each of the six goals and lists 60 objectives developed by management and the Board to realize them:

- **Goal: Safe and Secure Operations** Safety and security are the foundations of AC Transit's operations. We cannot advance to the Focused Improvements future scenario unless safety is an integral part of our business. Customers and employees must feel safe in their persons, safe from traffic hazards, and safe from workplace risks.

Transformational Objective

- **Implement Anti-Crime Enhancements**
- **Enhance Emergency Preparedness**

Functional Objectives

- **Reduce Employee Injuries and Workers' Compensation Claims**
- **Improve Customer Safety**
- **Adopt and Implement Safety Management System (SMS)**
- **Solidify Emergency Operations/Continuity of Business Preparedness**
- **Develop a Fare Collection and Enforcement Policy for BRT**
- **Upgrade and Rehab Operating Facilities**

- **Goal: Convenient and Reliable Service** Providing transit service that is both convenient and reliable is AC Transit's purpose. It is how most people judge our success or failure. If we do not provide quality bus service, customers will not rely on us, especially in today's environment of increasing transportation choices. To move up to the Focused Improvements scenario, we need to improve customer satisfaction through the reliability, speed, frequency, and amenities of our service.

Transformational Objectives

- **Increase Ridership**
- **Improve Frequency, Travel Speed, and Schedule Reliability** Accelerate Capital Improvements that Directly Enhance Service
- **Provide Alternative Service in Very Low Density Areas**
- **Increase Non-Cash Fare Payment and Expand Pass Programs**
- **Implement Innovative Technologies that Improve Service to Customers and within AC Transit**

Functional Objectives

- **Periodically Revise the Service Plan to Ensure Its Responsiveness to Customer Needs**
- **Improve Bus Stop Location and Amenities**
- **Accelerate Capital Programs that Directly Enhance Service**
- **Improve Operator Courtesy**
- **Expand the Use of Pass Programs**
- **Implement Innovative Technology Solutions**
- **Upgrade and Rehabilitate Operating Facilities**

- **Goal: Financial Stability and Resiliency** The District must have adequate funding, to maintain existing service and to move up the organization up to the Focused Improvements scenario. Our service—and all the supporting functions in the District—must be funded adequately to create convenient and reliable service. Resiliency in the face of financial change is crucial, as many of AC Transit’s funding sources are volatile because of both the economy and the political environment.

Transformational Objectives

- **Control Cost Growth**
- **Preserve/Increase External or Alternative Funding**

Functional Objectives

- **Enhance Financial Policies and Build Operating Reserves**
- **Reduce the Operations and Maintenance Costs of District Assets**
- **Clarify Fare-Related Policies**

- **Goal: High-Performing Workforce** Our high-performing workforce includes the people who provide quality service, monitor safe operation, assure financial stability, and advocate for transit-friendly legislation and regulation. The District needs a quality workforce to meet the challenges of providing bus transit in the East Bay and upgrading to a higher service level. Moreover, as one of the larger employers in the East Bay, AC Transit should ensure the enhancement of worker performance in our agency.

Transformational Objectives

- **Attract, Hire, and Retain Talent**

Functional Objectives

- **Promote the Emotional and Physical Well-Being of Staff**
 - **Promote the Professional Development of Internal Staff**
 - **Drive and Sustain Employee Performance**
 - **Drive Employee Engagement**
 - **Provide Technology Outreach and Support**
 - **Eliminate Redundant Systems and Processes**
- **Goal: Strong Public and Policy Maker Support** AC Transit is a public agency funded largely by tax dollars. As such, we need the ongoing support of the East Bay public and policymakers. This support is critical if we seek a new tax measure or other funding mechanism, which will be essential for realizing the Focused Improvements scenario. In addition, we operate on a road network managed by municipalities and other public agencies, so we require the cooperation of those public bodies to help us provide convenient and reliable service.

Transformational Objectives

- **Enhance the District's Image Among External Audiences**

Functional Objectives

- **Improve Awareness of the District's Key Initiatives and Positive Impacts among Policy Makers and the Public in the Region**
 - **Increase Visibility and Support for the District among Policy Makers**
 - **Measure Customer Satisfaction and Public Perception and Prioritize Issues of Key Concern**
- **Goal: Environmental Improvement** Public transit should contribute to the fight against climate change and other environmental degradation. AC Transit can provide a low-emission way for customers to travel. At the same time, we should continuously review our own operations for ways to reduce our environmental footprint. As the basis of transit-oriented development, we can help our communities live more environmentally-friendly lifestyles.

Transformational Objectives

- **Shift Trips in the AC Transit Service Area from Single-Occupant Motor Vehicles to Environmentally-Sustainable Transportation Modes, Especially Transit**
- **Replace Internal Combustion Engine Buses with Zero-Emission Vehicles When Feasible**

Functional Objectives

- **Adhere to All Regulatory Compliance Requirements**
- **Reduce AC Transit's Vehicle Emissions**
- **Consider Implementation of Mixed Uses on District Properties**
- **Support the District's Clean Energy Initiative by Deploying Green Technology**
- **Build Environmental Improvement into District Processes and Projects**
- **Deploy Green Technology**

Measuring Our Progress

In order to determine if the goals and objectives are being met, senior staff has developed criteria known as Key Performance Indicators, or KPIs for short. Each KPI describes a standard for determining if, or by how much, a particular objective is being realized. In many cases, several KPIs are needed to gauge the accomplishment of a single objective. In fact, over 170 KPIs have been developed to measure specific objectives in our plan. They are listed in the Technical Appendix of this Strategic Plan.

AC Transit's Strategic Plan must be a living document. It should be updated periodically on a specific schedule, set in advance by the Board, to reflect new conditions and challenges faced by the District. It should also be detailed with actions needed to achieve the Plan's goals and objectives. To ensure that the agency reviews and considers potential changes to the Strategic Plan on a regular basis, the Board should direct staff when to undertake this process. As an example, the agency could review the Strategic Plan annually in conjunction with the budget process; the Board could approve changes at the same time as it approves the agency's budget. Alternatively, if the timing is better, the Board could request that staff review the Strategic Plan and bring it to the Board for approval at the end of each calendar year.

These follow-up actions will help ensure that the Strategic Plan does not become archived and forgotten. The aforementioned KPIs could serve as the District's action plan. To be effective, each KPI should each have a specified timeframe for progress or completion and a specified staff member responsible for guiding it. While timeframes and staff may be modified as needed, there will still be clear lines of responsibility for the oversight of the actions. Progress on the KPIs themselves could be reviewed by the Board every quarter. Without this critical aspect, the plan can easily devolve into another document that sits on a shelf, occasionally referred to, but not truly utilized.

The Introduction also mentioned the necessity of staff at all levels using the Strategic Plan to guide its decision making. This is true of both the transformative decisions involving great sums of money and the routine decisions made every day. In fact, placards with AC Transit's adopted Vision and Mission statements could be posted throughout the District's facilities to remind employees at all levels of the big picture they are working toward. Although exceptions to the Plan may have to be made on occasion, these exceptions should always be discussed and debated instead of accepted routinely. In this way, the Strategic Plan will do what it was designed to do, guiding the District along a path to its desired future role in the region.

From Concept to Action, From "Hold Our Ground" to "Focused Improvements"—Five Strategic Plan Initiatives

The Strategic Plan is designed to provide AC Transit with forward looking directions for the agency.

The Board of Directors has chosen a "Focused Improvements" scenario for the Strategic Plan. Under "Focused Improvements," AC Transit will identify and improve the service that we do best. At the same

time we will pull back from trips best served by others. Yet it is clear that most District staff, understandably, view their work and priorities in terms more appropriate for the “Holding Our Ground,” scenario. That scenario would have sought simply to stay where we are as a transit provider, and not deteriorate further.

The Initiatives in this section are meant to create the bridge between the “hold our ground” present and the “focused improvements” future. They are multi-benefit, multi-departmental activities. They are intended to be a group of strategic actions, but by no means represent all of AC Transit’s important activities.

The Initiatives differ in character—some focusing on changes in business practices, others on construction, others on public outreach. These Initiatives will affect all departments of AC Transit. To succeed, a core group of staff people within one or two departments will need to take the lead on each Initiative. The Innovation and Technology Department will be intimately involved in each Initiative, as information technology increasingly threads through the District.

The startup of Bus Rapid Transit (BRT) is a major, multi-faceted project for the District. However, the Strategic Plan focuses on longer range Initiatives, while the BRT is expected to begin service within the next year.

1. Initiative: Service Quality

Lead Department: Operations

This multi-part initiative seeks to improve the quality of AC Transit service, as indicated by a variety of characteristics.

Service quality is the key issue for transit passengers. Surveys of transit passengers show that they seek convenience of access, frequency, reliability, short travel times, and then comfortable rides. AC Transit meets some, but not all, of these criteria. We operate an extensive route network—especially in Northern Alameda County—allowing many passengers convenient on foot access. Major lines operate relatively frequently—typically every 15 minutes during weekday daytimes. But reliability has been poor—with roughly on-time performance stuck at roughly 70%, or 3 late or early buses out of every 10. Bus bunching is all too common. Travel speeds have been deteriorating, with the average bus now operating at 11 miles per hour—easily outrun by a car, train, or even a bike.

These problems have many sources and will require many responses, both inside and outside AC Transit. This Initiative is an opportunity to review and revise our own traditional operational practices that may no longer be appropriate. Improvements to the operators experience of comfort and drivability also fit with this initiative. Modernization of fare collection—including rear door boarding on major lines and major ticketing—can reduce fare payment delay at the front door. The challenge of this Initiative is that

it has so many elements. But this multi-faceted character of the Initiative also means that the District can make improvements on many fronts.

2. Initiative: Facilities Revitalization

Lead Departments: Planning and Engineering; Maintenance, Operations, Safety, Security & Training

This Initiative would rebuild/replace three operating Divisions (D2—Emeryville, D4—Oakland, D6—Hayward) to create efficient, state of the art, environmentally sustainable facilities.

Three of four of AC Transit's operating divisions date from 30 years ago or more. These divisions need to be completely renovated or replaced, to assure ongoing operations, to create safer and more efficient facilities, and to reduce their environmental impact. Replacing each division will be a major capital project, with anticipated costs in the hundreds of millions of dollars per division. In certain instances, it might be preferable to move the Division rather than rebuild on its current site. The Divisions could not be completely rebuilt given the existing sources of funding.

3. Initiative: Employee Recruitment, Training and Retention

Lead Department: Human Resources

This Initiative would improve AC Transit's employee recruitment, training and retention practices, to ensure that we have adequate numbers of bus operators and other staff.

Bus transit runs, or fails to run, on labor, on its employees. Some 70% of District operating cost is labor—paying people. AC Transit is an agency with over 2,200 employees—it is critical to have enough people to drive and maintain the buses. AC Transit currently does not have adequate numbers of operators (drivers) and mechanics to run all of the service we have scheduled. The many other positions in the District ultimately support bus operations. Other transit agencies are also struggling with the problem of recruiting and retaining employees, as they did at the height of the dot com boom of the late 1990's. The high cost of living in the East Bay and the Bay Area also exacerbates this problem, as District employees commute from greater distances. The District also needs to ensure that our hiring, training, and retention practices ensure that we recruit, reward, and retain the maximum number of quality people. We have the advantage of being an employer committed to living wages in a time when that is increasingly rare.

4. Initiative: Zero Emission Vehicles

Lead Department: Operations

This Initiative would begin AC Transit's implementation of the California Air Resources Board (CARB) mandate to make all California transit buses zero (at vehicle) emissions by 2040

Buses are expected to last approximately 12 years, so 2040 would represent two full replacements of the AC Transit fleet. Under the CARB regulation, from 2029 forward, the District could only purchase zero emission buses. The District supports reducing emissions from transit buses as part of our

environmental core value. The District has already purchased hydrogen fuel cell vehicles and has ordered 5 battery electric buses. To date most transit agencies have purchased small numbers of electric buses. LA Metro has ordered 100 zero emission buses.

Moving to a zero emission fleet will require changes in multiple functions of the District. Bus Divisions will have to be retrofitted with bus chargers. Mechanics will need to learn maintenance techniques for these buses. Operations will need to ensure that bus routes match the range of battery buses. At present electric buses are more expensive to purchase than conventional diesel buses, though these prices are expected to fall over time.

5. Initiative: Dedicated Funding Source

Lead Departments: External Affairs and Finance

This Initiative would work to identify a long-term, stable source of funding for AC Transit. This Initiative would almost certainly need voter approval.

Stable sources of funds are important to AC Transit. Fares cover only 17% of our operating costs, and this percentage has been declining. The District has been successful in gaining funding through voter-passed tax measures sponsored by other agencies. These include Measure BB (Alameda County Transportation Commission) and Regional Measure 3 (MTC). However, much of AC Transit's funding comes from sales taxes, which can rise and fall dramatically during economic cycles. Some funding sources are only available in parts of our district and/or for certain purposes. Measure C1 is not applicable and Fremont and Newark, while Measure BB is not applicable in Contra Costa County. Measure VV, passed in November 2008, is a special parcel tax with revenues dedicated to the District. The type of funding—tax, bond, or other—has not yet been identified.

Approving this funding source will almost certainly require a vote of the people in the AC Transit district. Currently, most such measures would require a 2/3 affirmative vote. Passing such a measure would require a major financial analysis and planning process, and a campaign effort independent of the District.