



July 26, 2010

To: Members of the Board of Directors
From: Will Kempton, Chief Executive Officer
Subject: Approval of Bus Book Sales Pilot Program

Overview

The Orange County Transportation Authority provides bus schedule and route information through a variety of formats including a printed Bus Book. Surveys indicate customers consider the Bus Book a primary source of information; however, during times of significant budget constraints, quantities have been reduced. Staff continues to explore options to sustain the Bus Book and other public information programs. To this end, a new pilot program to sell Bus Books is being recommended.

Recommendations

- A. Direct staff to implement the Bus Book Sales Pilot Program and return with results in the first quarter of calendar year 2011.
- B. Augment the bus public information program with Bus Book sales revenues. Use revenues to provide additional public information which may include additional Bus Books and/or a reinstatement of the bus stop cassette information program.

Background

To effectively provide bus information and reduce costs in these difficult economic times, staff has been adjusting the quantities of the Orange County Transportation Authority (OCTA) Bus Book, the major source of printed information for bus routes and schedules. As a result, the number of Bus Books produced has been reduced from 800,000 in fiscal year (FY) 2005-06 to 360,000 in FY 2009-10.

Over the past year, staff has held numerous outreach meetings to discuss customers' preferences for obtaining bus information and managing costs. One recurring theme is to charge a fee for the Bus Book. This accomplishes several things:

- maintains ability to make Bus Books available to customers
- manages demand
- positions the Bus Book as a valuable commodity
- minimizes waste
- generates revenue

Discussion

A pilot program to test the concept of selling the Bus Book on the bus was vetted internally and with transit advocates and then presented to the OCTA Transit Committee on July 8, 2010, and to the Board of Directors (Board) on July 12, 2010. At the Board meeting, several requests were made related to Bus Book cost, farebox recovery ratio, coach operator feedback, and outsourcing.

Bus Book Costs

Bus Book costs vary depending on the complexity of service changes and quantities printed. Production and printing costs range from \$.50 - \$.85 per unit exclusive of labor costs. The approved OCTA FY 2010-11 Budget includes \$212,000 for the production and printing and shipping of 400,000 Bus Books.

Farebox Recovery

The Mass Transit Division of the California Department of Transportation (Caltrans) has developed regulations to implement the Transportation Development Act (TDA). A formula to calculate farebox recovery has been established and is shown below.

$$\text{Farebox Recovery} = \text{Total Fare Revenue} \div \text{Total Transit Operating Cost}$$

While Bus Book costs are included in transit operating costs, Caltrans has validated staff's assumption that Bus Book sales revenue (even those deposited in the farebox) cannot be included as fare revenue. Furthermore, even if allowable, the impact of this action does not appear to be significant. Assuming each of the 400,000 Bus Books are sold at \$1.00 per unit, revenue generated (\$400,000) accounts for just 0.18 percent of the 20 percent required recovery ratio. Therefore, given the minimal impact, staff is not recommending pursuing legislative remedies in this area.

Coach Operator Feedback

Feedback for the Bus Book Sales Pilot Program will be collected from coach operators throughout the duration of program which is expected to run three months. Staff will provide an evaluation of the program including coach operator feedback in early 2011.

Bus Book Outsourcing

Based on results of the Bus Book Sales Pilot Program, staff will explore the feasibility of outsourcing the production, printing, selling of advertisements, and sales of the Bus Book. If there appears to be sufficient revenue generated, staff will create a request for information (RFI) to determine what types of firms might be interested in this project. The RFI will be released in early 2011.

Public Participation

The Bus Book Sales Pilot Program was developed and discussed with representatives from the Transit Advocates of Orange County on June 15, 2010. During the meeting, advocates assisted with identifying potential implementation issues and voiced support for the concept of selling the Bus Books, especially if revenues could be returned to enhance customer communications. This sentiment was echoed at a July 14, 2010, bus customer roundtable. Roundtable participants indicated:

- Bus Books should be distributed on the bus in advance of the service change to minimize activity and dwell time during the first few days of the service change – a time when people are adjusting to changes in routes and schedules;
- OCTA should explore other distribution outlets such as pass sales locations, malls, universities, and senior centers;
- Bus Book sales revenues should be used to reinstate the bus stop cassette information program.

On July 15, 2010, the Transit Advocates of Orange County provided an e-mail to OCTA articulating its position related to the Bus Book Sales Pilot Program (Attachment A).

Summary

A Bus Book Sales Pilot Program has been developed for implementation during the October 2010 bus service change period. Revenue generated will

help sustain and potentially grow the customer communication program. It is recommended the Board authorize staff to use Bus Book sales revenues for the purposes of augmenting the public information program.

Attachment

- A. Transit Advocates of Orange County E-mail, dated July 15, 2010.

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