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BOARD MEMORANDUM

TO: Technical Advisory Committee
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Michael T. Burns *Michael T. Burns*
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SUBJECT: Comprehensive Operations Analysis: Market Segmentation Analysis and
 Evaluation of Transit Service Performance

FOR INFORMATION ONLY

VTA is currently involved in a Comprehensive Operations Analysis (COA), a wholesale evaluation of the transit system. In addition to analysis of the transit system's operating efficiency and fiscal performance, the COA will also identify opportunities for expansion into new and growing markets. The COA began in late 2005 with the On-board Passenger Survey. Other elements include the Transit Sustainability Policy and Service Design Guidelines, which are expected to be completed in January 2007.

The COA is anticipated to conclude with VTA Board approval of a new Service Operating Plan in April 2007. Leading up to this date will be community meetings and a VTA Board Workshop in early 2007. At the December Technical Advisory Committee meeting, VTA will present an overview of two significant COA-related efforts: the Market Segmentation Analysis and the Service Performance Analysis.

Market Segmentation Analysis

Market segmentation is a market research tool frequently used in the private sector to capture one's customers. Market segmentation is the identification of groups of customers, or market segments, that have similarities in characteristics or needs and who are likely to exhibit similar purchase behavior and/or responses to changes in the marketing mix.

VTA staff and a consultant team from Cambridge Systematics began the Market Segmentation Analysis in October 2005. The analysis provides a sophisticated and detailed understanding of the travel market in Santa Clara County. Key steps in the study include collecting demographic and attitudinal data through a telephone survey, analyzing potential demand based on market segmentation/mode choice models, and developing an interactive software package known as the Service Planning Tool. Results from the analysis will be translated into service improvement plans and marketing strategies in direct support of the COA.

Service Performance Analysis

A consultant team led by Transportation Management and Design has prepared the Service Performance Analysis, an evaluation of existing transit operations. Indicators of transit performance include overall efficiency, ridership trends, passenger activity, on-time performance, and farebox revenue. The analysis was based on a review of VTA's existing policies and studies, such as the Service Management Plan and the Short Range Transit Plan, as well as current ridership and operating statistics.

The Service Performance Analysis will provide an objective evaluation of system performance that will ultimately serve as a benchmark for service restructuring.