

Date: July 12, 2007Committee Meeting Date: July 19, 2007Board Meeting Date: August 2, 2007**BOARD MEMORANDUM**ACTION DISCUSSION INFO

TO: Committee of the Whole
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Michael T. Burns
 General Manager

FROM: Donald A. Smith, Jr.
 Chief Operating Officer

SUBJECT: Monterey to San Jose Express Memorandum of Understanding

Policy Related Action: Yes**Government Code Section 84308 Applies: No****RECOMMENDATION:**

Authorize the General Manager to amend the Memorandum of Understanding with Monterey-Salinas Transit (MST) and the Capitol Corridor Joint Powers Authority (CCJPA) to continue operation of the Monterey to San Jose Express for two years at a cost not to exceed \$35,000 per year. Further, authorize the General Manager to propose continued funding for this service in future biennial budgets and, with budget approval, enter into any subsequent amendments.

BACKGROUND:

In August 2006, the VTA Board of Directors authorized entering into a one-year Memorandum of Understanding with MST and the CCJPA to provide \$90,000 to fund and implement a new express bus route from Monterey to San Jose as a pilot program. The MOU documents the terms necessary to implement the new service including operations, scheduling, marketing and cost reimbursement.

This new service was supported by analysis done by both MST and VTA. A 2005 survey completed by MST indicated that San Jose was first choice for destinations not served by MST. In 2006, VTA completed the Gilroy Community Based Transportation Plan, which included Monterey-to-San Jose and Gilroy-to-San Jose express services as two of the recommended proposals to improve transit access for Gilroy's low-income residents. Also, the CCJPA, which provides connecting bus routes to supplement its train service, desired to work with MST to fund and operate a Monterey to San Jose bus route.

These efforts led to the initiation of the Monterey to San Jose Express on Monday, August 28, 2006. MST operates and maintains the service with buses featuring high back seats, tray tables and luggage racks. The service operates seven days a week with three round trips each day – one during the morning commute, one during midday and a third during the evening commute. Trips provide transfers to and from Capitol Corridor trains that operate between San Jose-Oakland-Sacramento, Caltrain, and VTA’s bus and light rail services. The service provides alternatives, especially the midday trips, for commuters currently riding Caltrain service from South County. The trips also provide reverse commute express service from San Jose to Morgan Hill and Gilroy before proceeding to Monterey.

Stops include the Monterey Parking Garage, Monterey Transit Plaza, Edgewater Transit Exchange, Prunedale Park & Ride, Gilroy Caltrain Station, Morgan Hill Caltrain Station, San Jose State University, Downtown San Jose and the San Jose Diridon Station.

One-way, single-ride fares are based on MST’s current zone fare structure. Half-price fares are available for Youth (ages 5 through 18), Seniors (65 and over), and individuals with disabilities with the proper identification. Children age four and under ride free.

**Fare Structure for
Monterey-to-San Jose Express Bus Service (Adult)**

One-Way Zone	Fare
Monterey-San Jose	\$8
Monterey-Gilroy/Morgan Hill	\$6
Prunedale-Gilroy/Morgan Hill	\$4
Gilroy/Morgan Hill-San Jose	\$4
Multiple-Trip Passes	Fare
Super DayPass	\$9
All-Zone Monthly Pass	\$124

In comparison, VTA’s Express monthly pass is \$122.50, Express daypass is \$10.25 and a single Express ride is \$3.50.

The MOU ensures VTA and Caltrain passengers have the ability to transfer to this new service, consistent with our Fare Policy. VTA passengers holding a local daypass or Adult monthly flash pass receive a one-zone credit on the MST fare. This represents a \$2 discount for an Adult passenger. VTA passengers holding an Express daypass or Express monthly pass may ride this service or other MST routes free of charge. In exchange, VTA honors the MST Super Daypass or All Zone Monthly Pass, which are good for a local Adult fare credit (\$1.75) on VTA services. Discounted fares for youth and seniors/disabled have the same benefits.

In addition to transfer privileges for VTA passengers, the MOU also provides that Caltrain passengers holding a minimum of a three-zone Caltrain monthly pass are allowed to ride this express bus and other MST services free of charge. This arrangement is similar to VTA’s discount for Caltrain transfers to VTA bus and light rail service. The three-zone requirement is the same number of zones it takes to travel on Caltrain from Gilroy or Morgan Hill to San Jose.

DISCUSSION:

This service was initially established as a one-year pilot. During this year ridership performance has been tracked and a passenger survey was completed in March 2007. Ridership has continued to climb during the first year of service. May monthly ridership was 2,017, the highest to date, at 11 passengers per trip.

Month	Total Passengers	Passengers per Trip	Passengers per Day
September	1,294	7.2	43
October	1,162	6.2	37
November	1,062	5.9	35
December	941	5.1	30
January	1,356	7.3	44
February	1,348	8.0	48
March	1,643	8.8	53
April	1,800	10.0	60
May	2,017	10.8	65
TOTAL	12,623	7.7	46

Average monthly ridership for the first nine months was 1,403 or 7.7 passengers per trip. Staff expected passenger loads to approach 15 passengers per trip. While passenger loads have not met expectations, recent increases are encouraging.

Highlights of the passenger survey of 158 respondents include:

- 41% of passengers used the service to visit friends and family. Personal Business accounted for 20% of the rides, while Employment and School use each accounted for 10%.
- 28% of the respondents were first time passengers. 11% ride 3 or more days a week. 18% ride 1-2 days a week. The remainder ride 1-3 days a month.
- 78% pay cash fare to use the service.
- 28% of respondents indicate they would not have made this trip if the service were not available. 25% would have gotten a ride. 16% would have driven. 16% would have taken Greyhound or a private shuttle.
- 19% use other Monterey-Salinas Transit service at one end of their trip, while about 11% use VTA. Caltrain is used by 8% of passengers, while the Capitol Corridor is used by 4%.
- 66% of respondents were very satisfied with the service, 20% were somewhat satisfied, 12% neutral and only 2% dissatisfied.
- 61% of the passengers are male. 51% are white, 24% Hispanic and 21% Asian. 76% earn less than \$50,000 with 37% earning less than \$10,000 annually.

During the pilot year VTA provided \$90,000 to fund the service. We now recommend providing an amount not to exceed \$35,000 annually for each of the next two years. The amount reflects a subsidy per passenger consistent with what VTA provides for the other regional express routes we partner in: the Highway 17 Express and the Dumbarton Express.

MST and CCJPA have agreed to continue funding the service for the next two years. In future years, VTA will use our biennial budget process to determine our commitment to continue to subsidize this service.

ALTERNATIVES:

The Board of Directors could decide not to amend the MOU or modify the amount that VTA provides. These actions could impact the negotiated transfer privileges that VTA and Caltrain passengers would enjoy.

FISCAL IMPACT:

The total projected annual operating cost is \$480,000. After considering projected fare revenues, the three parties will fund approximately \$384,000, as shown below.

- \$80,000 from CCJPA
- \$35,000 from VTA
- \$269,000 from MST

VTA has funds in the FY08 and FY09 Adopted Budget for this service. MST will fund any shortfall in projected fare revenues.

Prepared by: Jim Unites