

Comparing HRT’s Performance To Similar U.S. Transit Agencies

Data from the Federal Transit Administration for 2017 was used to compare performance of Hampton Roads Transit’s (HRT) bus system against nine other mid-sized bus transit agencies. These mid-sized agencies were selected as peers because they are similar in size to HRT based on revenue vehicle hours operated, unlinked passenger trips taken, and vehicles operated during peak service:

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|---|---|
| Pinellas Suncoast Transit Authority (Florida) | Greater Richmond Transit Company |
| Jacksonville Transit Authority (Florida) | Charlotte Area Transit System |
| Central Ohio Transit Authority | Sacramento Regional Transit District |
| Southwest Ohio Transit Authority | Omnitrans (San Bernardino County, California) |
| Kansas City Area Transit Authority | |

Cost Structure. The largest source of cost for transit agencies is labor; that is, salaries and wages and the cost of fringe benefits. HRT’s costs for salaries and wages are **7 percent below** the peer agency average (shown in the figure as “Wage Rates.”) HRT’s costs for fringe benefits are the lowest in the group – **54 percent below** the peer average (shown as “Fringe Costs.”)

HRT’s efficiency in deploying its workforce was also assessed, by measuring how many hours of labor are required to put one hour of bus service on the street (shown as “Operations Labor Efficiency.”) By this measure, HRT is almost exactly average among peer agencies.

Another large source of cost is maintenance of buses and bus garages. HRT’s spending in this category is **9 percent below** the peer average (shown as “Maintenance Cost per Service Hour.”) It should be noted that below average spending on maintenance may not be entirely desirable depending on the condition of an agency’s assets.

Overall, these factors add up to HRT having an all-in cost to deliver an hour of bus service that is **20 percent below** the peer average, lowest in the peer group.

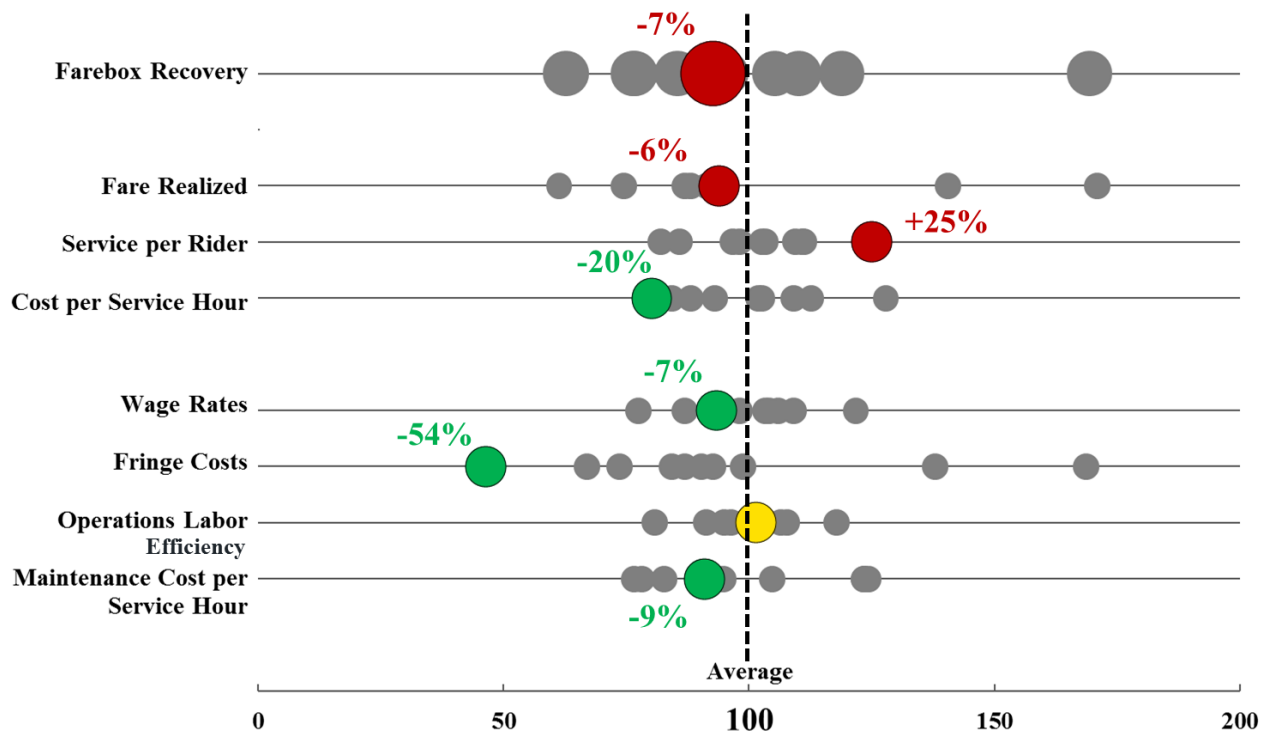
Service and Fare Levels. HRT’s cost to deliver each hour of bus service is low, but compared to peers, it offers **25 percent more** hours of bus service per rider than average (shown as “Service per Rider.”) On bus fares, HRT charges a nominal fare of \$2.00 per bus trip, but like all transit agencies, a combination of multi-ride pass options and other discounts leads to a net fare yield per ride that is lower. By this measure, HRT’s net fare yield per ride is **6 percent below** the peer average (shown as “Fare Realized.”)

Net Financial Performance. The factors described above can be summed into a single statistic known as the *Farebox Recovery Ratio*. It shows the percentage of an agency’s total bus operations and maintenance costs that are covered by fares paid by riders. By this measure, HRT performs **7 percent below** the peer average.

Analysis. HRT arrives at this slightly-below-average figure in an unusual way, with low costs to produce each hour of bus service, and high levels of service deployed in relation to the number of actual users. However, it should be noted that HRT’s bus service levels *per capita* – that is, compared to the total population of its service area – are almost exactly average among peer agencies. In light of this finding, rather than thinking of HRT’s service levels as unusually high, observers could conclude that the

ridership yield it is able to generate with each service hour is unusually low. One possible explanation for this could be that HRT deploys a higher than average portion of its service in locations and at times of day where ridership yield is likely to be low. This issue is being actively assessed by the Transit Transformation Project.

Figure 1: Financial Performance Measures Described



Additional Performance Considerations

Bus Fleet. On average, HRT’s buses have seen **28 percent more** use than buses at peer agencies, as measured by the average bus’s odometer reading in 2017. Older buses often lead to higher levels of bus breakdowns, and this is the case for HRT. In 2017, its buses suffered failures at a rate **53 percent higher** per mile than the peer average. In 2018, HRT adopted a capital program that includes major bus purchases, so the average age of its fleet is expected to fall over the next few years.

Ridership. Like most transit agencies, HRT has seen a recent decline in bus ridership. From 2008 to 2017, HRT bus ridership fell by **15 percent**. However, over this same period, bus ridership at the peer agencies fell by an average of **20 percent**. There is much speculation in the transit industry over the reasons for this nationwide decline. Possible factors include persistently low gasoline prices, the rise of Uber and Lyft, and the broader economic recovery leading more people to purchase cars. So far there is no consensus as to which of these factors, or others, is most responsible.

Regional Level of Effort on Bus Service. Total spending on bus service from all sources – from riders, from local governments, from state government, and from the federal government – can be compared from region to region. By this measure, total financial support for bus service in the Hampton Roads Transit service area is **22 percent below** the average per capital level of financial support in peer regions.