STAFF REPORT

MEETING DATE:	**2/26/13**
SUBJECT:	**Conduct Transportation Development Act (TDA) Workshop and TDA Policy Alternatives**
AGENDA ITEM:	**9**
STAFF CONTACT:	**Dave Wallace**

STAFF RECOMMENDATIONS:

It is recommended that the board of directors:

1. Receive a presentation from staff regarding transit funding and policy; and
2. Provide direction to staff regarding major policy alternatives for consideration at the April 2013 meeting.

DISCUSSION:

The agency is in the process of revising TDA policies and procedures to be presented at the April 2013 meeting. The board of directors has discretion related to priorities and allocations of TDA funds to claimants. Staff will conduct a transit workshop to outline current funding practices and highlight areas where the board of directors has discretion. The attached fact sheets and issue papers are intended to facilitate workshop discussions. The board of directors may elect to continue status quo practices or provide direction to staff to explore alternatives. TDA policies will be consolidated and updated at the April board meeting.

ALTERNATIVES:

The board of directors may delay this item to request additional information or modifications.

OTHER AGENCY INVOLVEMENT:

The Technical Advisory Committee (TAC) concurs with the staff recommendation.

FINANCING:

Receiving the presentation will have no fiscal impact. Should the board of directors direct staff to modify current TDA practice, a fiscal analysis will be provided with the April item

Daniel S. Little, AICP, Executive Director

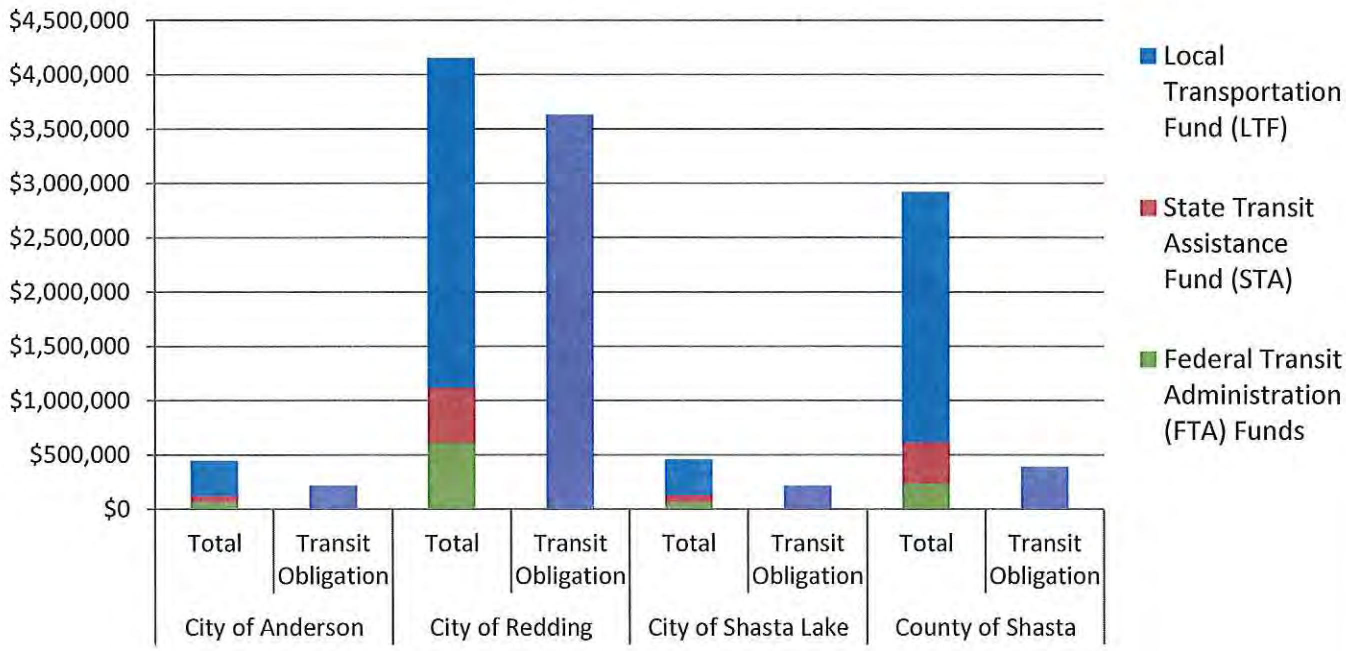
Attachments: Transit Fact Sheets
- SRTA Transit Funding
- Local Transportation Fund (LTF)
- State Transit Assistance (STA)
- Federal Transit Administration (FTA) Section 5307
- Federal Transit Administration (FTA) Section 5311
- Federal Transit Administration (FTA) Section 5310

Issue Sheets
- Fare Box Penalty
- RABA 80/20 Cost Sharing Formula
- STA Allocation Formula
- Bike and Pedestrian LTF Claims

Fact Sheet: SRTA Transit Funding

Transit operations in Shasta County include allocation of three types of funds to each city and the county. These are State Transit Assistance (STA) funds, Local Transportation Funds (LTF), and Federal Transit Administration (FTA) funds. State Transit Assistance and Federal Transit Administration funds can only be used for transit. Local Transportation Funds are then used for any remaining transit needs in the jurisdiction. Once transit costs are covered, any remaining Local Transportation Funds may be used for streets and roads.

Projected Transit Funding vs. FY 12/13 Transit Obligations



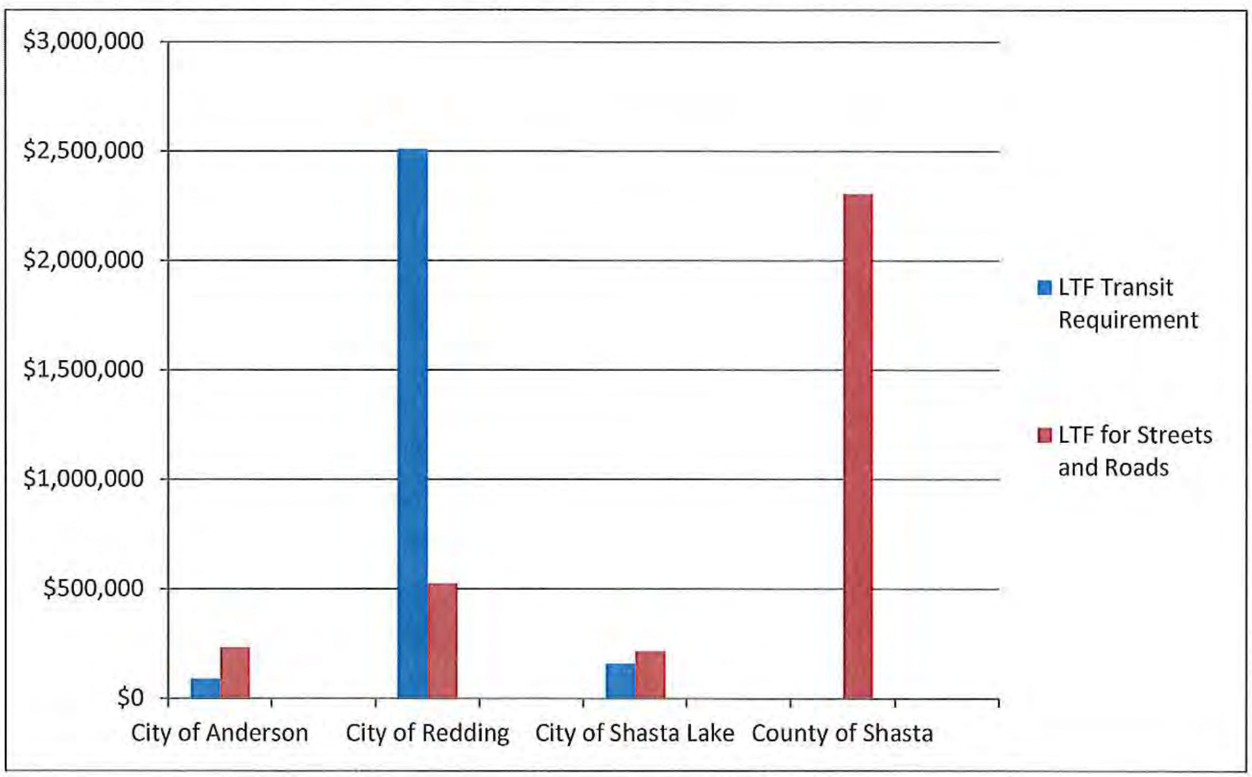
	City of Anderson		City of Redding		City of Shasta Lake		County of Shasta		
	Total	Transit Obligation	Total	Transit Obligation	Total	Transit Obligation	Total	Transit Obligation	*TOTAL*
Local Transportation Fund (LTF)	$322,000		$3,036,000		$331,000		$2,304,000		$5,993,000
State Transit Assistance Fund (STA)	$56,000		$506,000		$57,000		$378,000		$997,000
Federal Transit Administration (FTA) Funds	$68,000		$613,000		$69,000		$238,000		$988,000
Transit Obligation		$214,000		$3,631,000		$214,000		$388,000	$4,447,000
Total	**$446,000**		**$4,155,000**		**$457,000**		**$2,920,000**		$7,978,000
Funds Available for Streets and Roads		$232,000		$524,000		$243,000		$2,305,000	$3,304,000

Fact Sheet: Local Transportation Fund (LTF)

LTF funds are derived from ¼ cent of the 7½ percent state sales tax. Revenues collected in the region are returned to the SRTA. Use of LTF is governed by the Transportation Development Act (TDA). Funds are distributed by population.

Eligible Activity in priority order	FY 12/13 Eligible Recipient	LTF Budget Eligible Distribution	Actual FY 2012/13
Administration	SRTA	No limit	$65,539
Consolidated Transportation Services Agency	Shasta Senior Nutrition Program (SSNP)	5% of balance	$311,237
Transit Services	RABA, Burney Express, Lifeline	Remaining eligible balance	$2,866,612
Bicycle & Pedestrian Facilities	Cities and County	Up to 2% ($146,000)	$0
Local Streets & Roads	Cities and County	Balance after all transit needs are met	$3,128,577
		Fiscal Year 2012/13 Total:	**$6,371,965**

FY 2012/13 LTF Uses by Jurisdiction



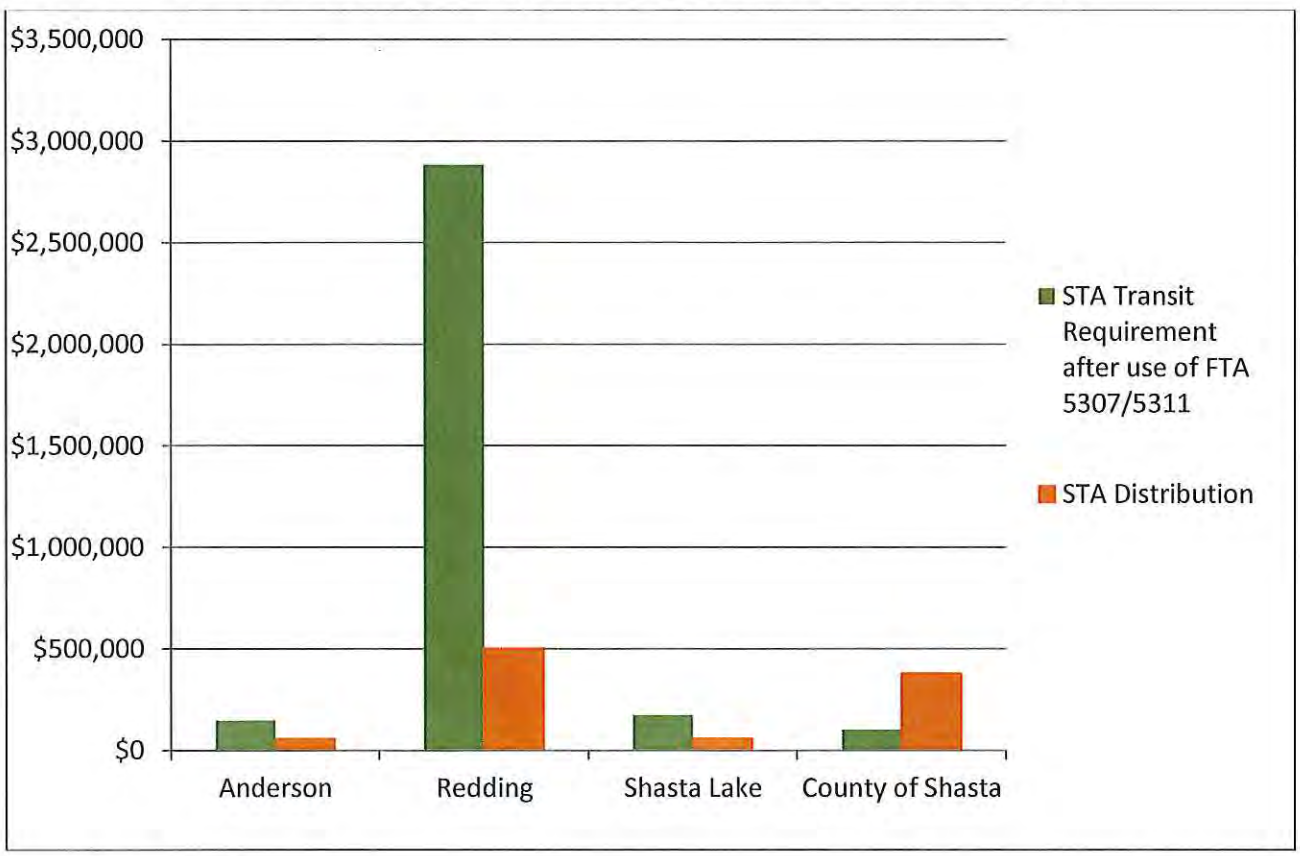
Fact Sheet: State Transit Assistance (STA)

2/26/13

STA is derived from the sales tax on diesel fuel in California. STA funds are allocated to SRTA based on population and transit activity from the prior fiscal year. Use of STA is governed by the Transportation Development Act (TDA). STA funds can only be used for public transit. They cannot be used for streets and roads projects. The total fiscal year 2012/13 apportionment is $997,000.

- SRTA currently allocates STA funds by population to each agency. SRTA has discretion on how the funds are distributed. See STA allocation formula issue paper.
- The county currently receives more STA than it can use.

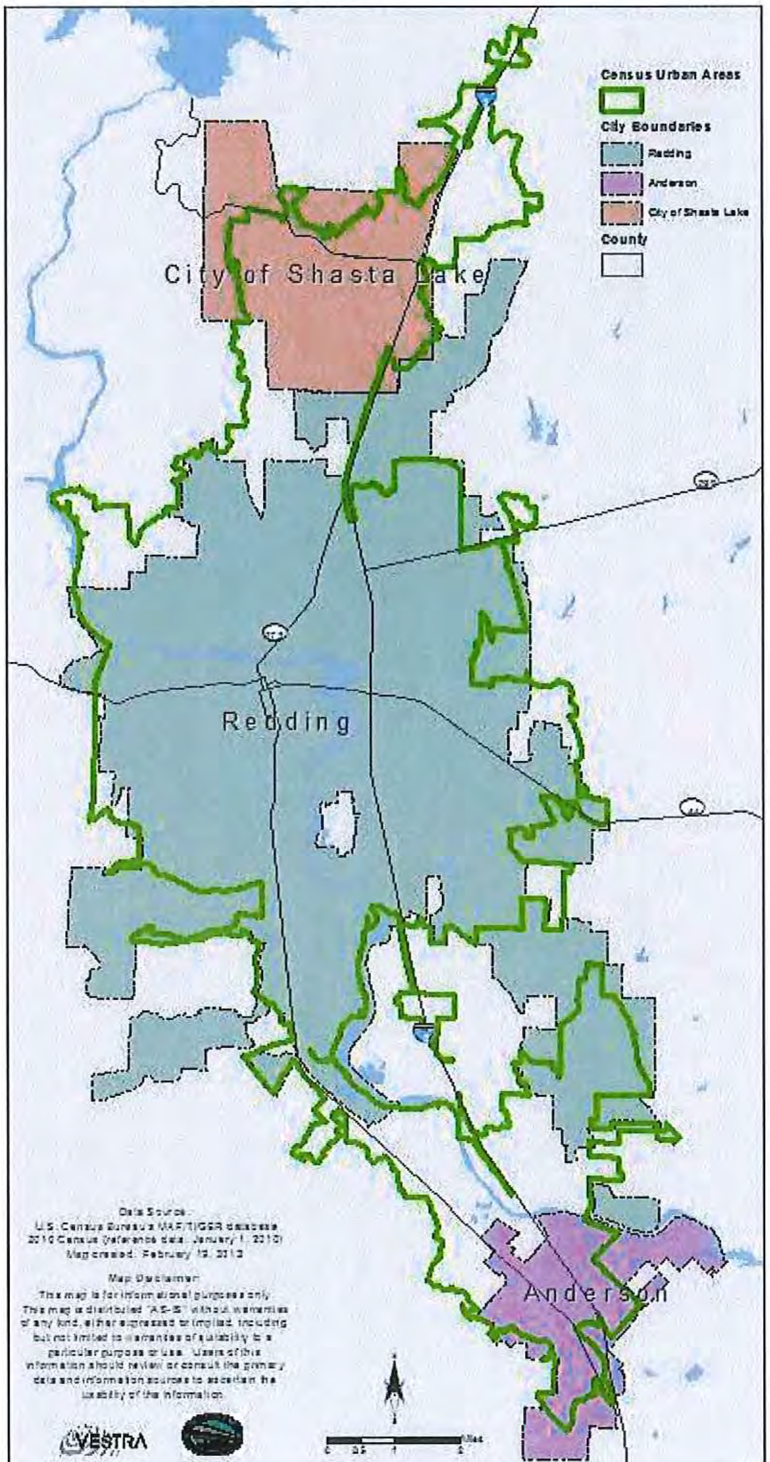
FY 2012/13 STA Budget vs. STA Transit Requirement



Note: County FTA apportionment increased which will reduce the STA transit requirement below amounts shown here.

Fact Sheet: Federal Transit Administration (FTA) Section 5307

FTA Section 5307 funds are authorized each year via the federal transportation bill in urbanized areas with a population of 50,000 or more (see map). Funding is apportioned to SRTA each year by the FTA. Previously, the Redding Area Bus Authority (RABA) was the only recipient. The new federal transportation authorization act (MAP-21) expands FTA 5307 to include the former Jobs Access and Reverse Commute (JARC) program. Due to this broadened eligibility and added funds, there may be interest from other transit providers apply for funds in the future.



Project Selection: SRTA issues a "call for projects". After review and screening, the SRTA Board of Directors selects a program of projects up to the FTA apportionment amount. Successful transit agencies then apply directly to Caltrans and FTA for funding.

Funding Availability is $1.2 million FY 2012/13

Fact Sheet: Federal Transit Administration (FTA) Section 5311

Provided to states for the purpose of supporting public transportation in rural areas with populations of less than 50,000. Currently all 5311 funding is available to the County of Shasta for the Burney Express service. The new federal transportation authorization act (MAP-21) expands FTA 5311 to include the former Jobs Access and Reverse Commute (JARC) program. Due to this broadened eligibility and added funds, there may be interest from other transit providers apply for funds in the future.

Project Selection: SRTA issues a "call for projects". After review and screening, the SRTA Board of Directors selects a program of projects up to the FTA apportionment amount. Successful transit agencies then apply directly to Caltrans and FTA for funding.

FY 2012/13 Funding Availability is $400,000

Fact Sheet: Federal Transit Administration (FTA) Section 5310

FTA Section 5310 funds are authorized each year via the federal transportation bill to provide mobility for elderly and persons with disabilities in areas of less than 200,000 population and where public mass transportation services are otherwise unavailable, insufficient or inappropriate. Grant applications are reviewed and prioritized by SRTA and then submitted to the California Transportation Commission for approval.

Common uses:

- Projects that exceed the requirements of ADA
- Projects that improve access to fixed-route service and decrease reliance by disabled individuals on complementary paratransit
- Alternatives that assists seniors and disabled individuals
- Capital, planning, and operating expenses for the development and maintenance of transportation services for low-income individuals
- General public service may only be incidental to elderly and persons with disabilities use.

Examples of Prior Funded Projects

Agency	Project Description	Funding amount	Total amount	Year
Golden Umbrella	Operating Assistance for Senior Companions Program	$11,248	$22,495	11/12
Golden Umbrella	Operating assistance for Foster Grandparent Program	$26,700	$53,400	11/12
Golden Umbrella	Operating Assistance for Senior Companions Program	$22,495	$22,495	12/13
Opportunity Center	Construct transit shelter and seating at opp. Center	$159,500	$199,500	11/12
Opportunity Center	2 Minivans	$77,906	$88,000	10/11
SSNP	Elderly/disabled transportation to Shingletown	$30,341	$60,682	11/12
SSNP	2 Medium Buses, 2 small buses	$26,381	$230,000	10/11

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Issue Paper: Fare Box Penalty

The board of directors has discretion related to treatment of penalties for non-compliance with minimum RABA fare box ratios. Staff requests direction in drafting updated Transportation Development Act policies for approval by the board of directors at the April meeting.

Background

Transit operators must maintain a combined ratio of fare revenues to operating cost (fare box ratio) of 20% in urban areas and 10% in rural areas (PUC §99268.5c). SRTA may permanently set the fare box ratio as low as 15% if specific findings are made to justify the reason (CCR §6633.2d). Based upon the percentage of service hours in urban and rural areas, the board of directors set a RABA fare box ratio requirement of 19%. SRTA, however, has approved several temporary fare box ratio reductions since 1998 to avoid imposition of the fare box penalty. Over the past several years, RABA made service adjustments, expenditure adjustments and fare increases in an attempt to meet the 19% fare box requirement.

RABA's inability to meet the fare box ratio can result in reduced funding eligibility. The penalty is the difference between the actual fare box received and the fare box ratio recovery required by SRTA. Should RABA continue to not meet the required fare box ratio, SRTA must evaluate the service to determine if it is no longer "reasonable to meet." This determination could require restructuring of system-wide service hours, service days and routes.

RABA has been found to be out of compliance with required fare box ratios for the 2010-11 fiscal year in the amount of approximately $90,000. The required fare box ratio for 2010-11 was 16.7%. RABA's actual fare box ratio was 15.06%. However, RABA's fare box ratio in 2011-12 jumped to 17.46%, exceeding SRTA's temporary requirement of 17.3%.

Issue

RABA has no means to make up reduced funding when the fare box penalty is imposed. When SRTA imposes a fare box penalty on RABA's membership (the cities and the county), we essentially penalize ourselves, collect the penalty and give it back to RABA. Ultimately, no money changes hands which renders the fare box penalty moot, and creates unneeded fiscal and audit complexities. While fare box ratios are a valuable measure of RABA efficiency, SRTA can hold RABA to high performance standards without imposing a penalty that is inconsequential.

Board of Directors Alternatives

Staff seeks board of director's guidance in developing policies regarding fare box penalty for consideration at the April meeting. The following range of alternatives are offered for discussion.

1. **Status Quo:** Continue to consider temporary fare box reductions; assign penalties when a fare box is not met; and request that cities and the county reimburse RABA for the penalty amounts. This is inefficient because it must be tracked and reported annually in transit budgets, audits and claims.

2. **Find that RABA is not in compliance with fare box requirements.** By resolution, recognize the penalty while also finding that RABA's JPA members agree to contribute funds to cover the penalty. Short of approval of a fare box reduction, this alternative recognizes SRTA's obligation to enforce a penalty but addresses the issue by a simple finding in SRTA's annual budget resolution. This would eliminate the complex tracking and budget adjustment processes.

3. **Approve a fare box ratio reduction from 19% to 15%.** This would likely eliminate all consideration of fare box penalty. SRTA, however, would continue to track fare box ratios and other performance standards to ensure system efficiency.

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ISSUE PAPER: RABA 80/20 COST SHARING FORMULA

The board of directors has discretion related to how costs are shared among the cities and county to operate RABA. The purpose of this paper is to make the board of directors aware of their responsibility over cost sharing, and to explain the current methodology used.

Background

Local Transportation Fund (LTF) revenues are based on one-quarter cent of the state sales tax. Revenues must be distributed by SRTA to the cities and the county based on population, however, the cost of providing transit service may be divided in any agreeable manner. There are several types of cost sharing formulas:

1. Cost Sharing Based on Population: RABA costs are divided by each jurisdiction's population within the transit service area. This is the simplest allocation strategy, but it does not reflect actual services received or ridership. Some regions use the total population within the entire county (rather than transit service area) so that transit cost sharing matches the method by which LTF is distributed.

2. Cost Sharing Based on Units of Service: The RABA costs are divided based on the units of service provided to each jurisdiction. Units of service may be defined as vehicle miles, vehicle service hours, or passenger activity.

3. Combination Allocations: A combination of any of the above methods.

In 1993, a twenty-year Transit Development Plan was developed for the region. An 80% service hour/20% population weighted formula was adopted as an equitable distribution of transit costs among claimants. Under this formula, RABA cost sharing in the current year is as follows: Anderson 4.05%, Redding 85.49%, Shasta Lake 4.79% and Shasta County 5.66%. The Burney Express service is not subject to these shares because it is funded outside the RABA Joint Powers Authority.

In practice, each claimant is allocated LTF dollars by population, and that amount is then reduced by their share of transit costs once all other transit revenue sources are exhausted (i.e. STA and FTA funds). Any remaining LTF funds are then available for that claimant's streets and roads. The accompanying transit funding fact sheets illustrates the funding process. Any change in the RABA cost sharing formula will directly affect available funding for streets and roads, or the ability of a city or county to meet their required transit obligations.

Issue

No specific issue has been identified related to the current RABA cost sharing formula. This information is provided to the board of directors because changes to the cost sharing formula can have major financial implications on each city and the county. The board of directors has discretion in modifying the twenty-year-old formula; however, agreement on cost sharing is needed to maintain the RABA Joint Powers Authority. Any member may choose to withdraw from RABA, or provide required transit services by other means (i.e. Burney Express and County Lifeline services). Any change to the current cost sharing formula should first be discussed by the RABA board of directors.

One item of note related to the current cost sharing formula is that it has resulted in years where both the cities of Redding and Anderson had higher transit costs than available SRTA revenue apportioned to them. This could occur again and trigger renewed discussion regarding RABA cost sharing in future years.

Board Alternatives

The status quo 80% service hour/20% population split has been maintained for twenty years. There are no identified issues that would warrant change at the present time.

The board of directors has considered changing the service hour/population weightings in the past. The effect of the change will vary depending on the allocation method used. Similar to information considered by the board of directors in the past, the table below illustrates the extreme bookends for service hour and population-based variables. In general, as the weighting for population increases, transit shares for Redding decrease and shares for Anderson and Shasta Lake increase. Shasta County is relatively unaffected.

TABLE 1: RABA COST SHARING ALTERNATIVES

CRITERIA	Anderson	Redding	Shasta Lake	Shasta County
Service Hours	2.90%	87.35%	3.80%	5.94%
80% Service Hours/20% Population (Status Quo)	4.05%	85.49%	4.79%	5.66%
Service Area Population	8.65%	78.05%	8.76%	4.54%

Note: See accompanying transit funding fact sheets for specific cost information

ISSUE PAPER: STA ALLOCATION FORMULA

The board of directors has discretion related to the allocation of State Transit Assistance (STA) funds. Staff requests direction in drafting updated Transportation Development Act policies for approval by the board of directors at the April meeting.

Background

STA funds can only be used for public transit and are generated from the statewide sales tax on diesel fuel. The State Controller allocates STA funds by formula to each region on the basis of population and transit activity. SRTA receives about $1 million in STA funds annually.

The board of directors has complete discretion regarding how STA funds are allocated to RABA and the county of Shasta for transit purposes. Many agencies assign STA funds directly to eligible transit activities while others, such as SRTA, credit the funds to cities and the county based on population, regardless of transit needs. STA allocations are expended first to meet transit requirements in each local jurisdiction. The county is allocated more STA funds than it has transit needs. In the cities, SRTA uses Local Transportation Funds (LTF) for all remaining transit needs. Any remaining LTF after transit needs are met can be used for local streets and roads. The method to distribute STA funds among the cities and the county has a direct effect on streets and roads funding provided to each jurisdiction. The accompanying transit funding fact sheets illustrate the allocation process.

The county of Shasta currently receives $378,000 in STA funds annually, or about 38% of the total based on population. The county will also receive about $400,000 in FTA 5311 funds this year. The county also has a reserve of $238,000 STA funds it has been unable to spend in prior years due to limited transit needs in the unincorporated area. In contrast, the cities use 100% of their STA allocation for identified transit costs every year.

Issue

The STA allocation method currently and historically used by SRTA has significant financial implications for each city and the county. The STA allocation method now in practice was never approved by policy of the board of directors who may be unaware of the discretion they can exercise with these funds.

The county of Shasta (unincorporated area) will have a total of $1,016,000 in transit assistance in 2012-13. The county's actual cost to operate transit in 2012-13 is projected to be $388,000. STA allocations based on population will result in unused funds for transit totaling approximately $628,000 in 2012-13. Under the current allocation formula this surplus will continue to increase in future years by up to $400,000 annually. Adoption of an STA allocation policy could allow all STA funds to immediately go to transit needs and eliminate growing reserves; thereby freeing up an equal amount of funds for local streets and roads maintenance.

Board of Director Alternatives

Staff requests guidance from the board of directors for consideration of policies at the April meeting. The following range of alternatives are offered for discussion.

1. **Status Quo:** Adopt a policy to validate the past practice of STA allocation by population. This will perpetuate county surpluses indefinitely and reduce streets and roads funding available to all jurisdictions.

2. **Allocate STA funds directly to eligible transit activities and needs.** This would ensure that STA funds are used in a timely manner and for the intended purposes. This would eliminate the growing county STA reserves for which there is no identified need, and result in the release of LTF funds for streets and roads throughout the region. The precise method of allocation would need to be discussed with the cities and county.

   There is precedent for this alternative: When Congress approved federal stimulus funds for transit in 2009, it was in the form of STA dollars. The SRTA population-based allocation formula resulted in more transit funding than the county had in transit needs. The county agreed to allocate the funds directly to RABA, which resulted in the release of a like amount of funds for streets and roads to the cities and the county.

3. **Allocate STA funds by other methods determined equitable by the board of directors.**

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ISSUE PAPER: BIKE AND PEDESTRIAN LTF CLAIMS

The board of directors has discretion related to allocation of Local Transportation Funds (LTF) for bike and pedestrian facilities. Staff requests direction in drafting updated Transportation Development Act policies for approval by the board of directors at the April meeting.

Background
Public Utilities Code (PUC) Section 99233 and 99234 states that the agency must adopt rules and regulations for the submission of claims for bike and pedestrian facilities. Annually, up to 2% of the region's LTF (about $140,000) can be made available to any city or the county. These funds can be allocated by SRTA based on a region-wide priority list of projects.

Issue
SRTA currently has no rules and regulations for the submission of claims for pedestrian and bicycle facilities. SRTA no longer has any funding source dedicated for this use. Previous federal Transportation Enhancement funds for non-motorized projects (totaling about $200,000 annually) were available to SRTA until last year, but were eliminated by Congress and consolidated into a program now under state control.

Board of Director Alternatives
Staff seeks board of director's guidance in adopting policies for bike and pedestrian claims. Policies will be presented at the April meeting. The following range of alternatives are offered for discussion.

1. **Status Quo:** Provide no set-aside for bike and pedestrian facilities and adopt a policy that such claims will not be considered in any year. This precludes any bike or pedestrian claim from future board of director's consideration.

2. **Allow up to 2% of LTF for bike and pedestrian claims consistent with state law.** This leaves the door open for local agencies to submit claims, but does not obligate approval.

3. **Reserve 2% of LTF for bike and pedestrian claims.** This would automatically set aside approximate $140,000 annually and partially offset the loss of $200,000 in federal Transportation Enhancement funds. It provides a modest and predictable program of funds to address the board of director's non-motorized policies. It also meets the needs of a transportation constituency that pays sales tax into the LTF but is not otherwise represented by SRTA projects. .