REPORT TO SHASTA COUNTY RTPA

SUBJECT	MEETING DATE	ITEM NUMBER
Reconsider Redding Area Bus Authority (RABA) Request to Reduce Farebox Ratio to 16.5%	4/09/02	3

Attached to this report is a letter from Rod Lindsay, Chairman of the Redding Area Bus Authority (RABA), to Norma Comnick, Chairperson of the Regional Transportation Planning Agency (RTPA). The purpose of the letter is to request a special meeting of the RTPA for the purpose of reconsidering the action taken by the RTPA at the February, 2002 meeting. Also attached is the agenda packet for this item as it was presented to the RTPA in February.

Since none of the facts and circumstances surrounding this issue have changed, staff did not feel it appropriate to redo the staff report. In an attempt to present all relevant information to the decision makers, a copy of the agenda being sent to the RABA Board of Directors, is also attached. The goal is that all elected officials have the same information and data available for the workshop.

After a brief presentation at the workshop, the RTPA and RABA staff will be available to answer any questions from the RABA Board of Directors or from the members of the RTPA.

After the joint workshop, the special RTPA meeting will convene to reconsider the request from RABA to permanently reduce the farebox ratio. This is because, by statute, the RTPA is solely responsible for establishing the farebox standard. Immediately thereafter, RABA has scheduled a meeting to react to the proceedings of the special RTPA meeting.

Daniel J. Kovacich, Executive Officer

/jac

Attachments: Letter from Rod Lindsay
Original Staff Report

RABA

March 21, 2002
R-010

The Honorable Norma Comnick
Chairperson
Shasta County Regional Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Dear Chairperson Comnick:

As you will recall, I sent a letter to you on February 11, 2002, requesting that the Shasta County Regional Transportation Planning Agency (RTPA) permanently reduce the minimum farebox ratio that is applicable to the Redding Area Bus Authority (RABA) from 19 percent to 16.5 percent (I have enclosed a copy of my previous letter to you for your convenience). Unfortunately, the RTPA rejected RABA's request at its meeting on February 26, 2002.

The RTPA did agree to temporarily reduce the minimum farebox ratio to 16.5 percent this fiscal year, and then incrementally increase the minimum farebox ratio back up to 19 percent by fiscal year 2004-05. Although my colleagues and I sincerely appreciate the RTPA's willingness to reduce the minimum farebox ratio on a temporary basis, we are concerned that this short-term adjustment will not be sufficient to enable RABA to resolve the long-term challenges outlined in my previous letter.

The purpose of this letter, therefore, is to respectfully request that the RTPA schedule a special joint meeting with the RABA Board of Directors in the near future to explore this issue in more detail. If you concur, would you please ask the RTPA's Executive Officer, Mr. Daniel J. Kovacich, to contact Deputy City Manager Kurt Starman at 225-4083 so that they can make the appropriate arrangements for this joint meeting?

Thank you in advance for your kind consideration.

Sincerely,

Rod Lindsay
Chairman

Enclosure
c: Daniel J. Kovacich, Executive Officer, RTPA
D:RABA 2002\COMNICK RECONSIDERATION.wpd

REDDING AREA BUS AUTHORITY
777 CYPRESS AVENUE, REDDING, CALIFORNIA 96001-3396 • (530) 225-4171 • FAX (530) 245-7024

February 11, 2002
R-010

The Honorable Norma Comnick
Chairperson
Shasta County Regional Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Dear Chairperson Comnick:

On behalf of the Board of Directors of the Redding Area Bus Authority (RABA), I am respectfully requesting that the Shasta County Regional Transportation Planning Agency (RTPA) permanently reduce RABA's minimum farebox ratio from 19 percent to 16.5 percent, effective this fiscal year.

As you know, RABA implemented a number of significant changes to increase its farebox ratio from 15.9 percent in fiscal year 1997-98 to 19.1 percent in fiscal year 1999-2000. Some of these changes included:

1. Increasing RABA's base fare by 33.3 percent in fiscal year 1998-99;

2. Making improvements to the Demand Response System that resulted in a 25.6 percent increase in productivity (2.19 riders per hour in fiscal year 1997-98 vs. 2.75 riders per hour in fiscal year 2000-01); and,

3. Purchasing and implementing new technology to improve productivity and customer service.

These changes helped RABA earn the coveted "Outstanding Achievement Award" from the American Public Transportation Association in 2001. This award is intended to recognize public transportation systems that operate in an exceptionally efficient and effective manner.

Notwithstanding the changes and improvements outlined above, RABA's farebox ratio decreased from 19.1 percent in fiscal year 1999-2000 to 18.8 percent in fiscal year 2000-01. It is anticipated that this ratio will continue to decrease to approximately 16.5 percent due to:

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1. A 17.4 percent increase in the California minimum wage since January 1, 2000, that has had a direct impact on the pay scale that is utilized by RABA's contract operator;

2. Changes in the local labor market; and,

3. A long-term trend of rising fuel prices.

These first two changes, in particular, have increased RABA's cost of "purchased transportation" by approximately 15.8 percent. This is the amount that RABA pays to its contract operator, Forsythe & Associates, Inc., to operate the transit system. It is important to note that "purchased transportation" accounts for approximately 59 percent of RABA's total operating budget.

It is my understanding that the RTPA has the authority to reduce the farebox ratio to as low as 15 percent. However, we believe that RABA can and should do better than15 percent. RABA will continue to strive to obtain the highest farebox ratio possible. With that said, however, the RABA Board of Directors is requesting that the RTPA permanently reduce the farebox ratio to 16.5 percent at your meeting on February 26, 2002, in order to reflect the issues described above.

Thank you in advance for your consideration.

Sincerely,

Rod Lindsay
Chairman

c: Dan Kovacich, RTPA Executive Officer
D:\RABA 2002\COMNICK FAREBOX 2.wpd

REPORT TO SHASTA COUNTY RTPA

SUBJECT	MEETING DATE	ITEM NUMBER
Consider Request from the Redding Area Bus Authority (RABA) to Reduce Permanently the Minimum Farebox Ratio to 16.5%	2/26/2002	7

RECOMMENDATION
It is recommended that the Agency approve the attached resolution to reduce the fare revenue ratio to operating costs to 16.5% for 2001-2002, 17.5% for 2002-2003, 18.5% for 2003-2004 and 19% for fiscal years thereafter.

SUMMARY
RABA has requested relief from the RTPA-adopted 19% farebox requirement. Agency approval is required to accommodate this request.

DISCUSSION
Generally, transit operators in urban areas are required to achieve a 20% farebox ratio as a condition of receiving TDA revenues. In the event of non-compliance, the TDA Manual provides a process of calculating and assessing penalties in the form of reduced future TDA eligibility.

California Code of Regulations Section 6645.1 provides that the RTPA can reduce the required farebox ratio to 15% subject to the Agency considering certain factors. RABA has made a request that the farebox standard be reduced to 16.5% permanently. This request was made to the RTPA in the form of a letter from Rod Lindsay, RABA Chair, dated February 11, 2002 (attached).

This request is based upon increased costs incurred by RABA due to the increase in the minimum wage, a new labor agreement between Forsythe and Associates and the Teamsters and increases in fuel costs. According to RABA these costs increases will cause the farebox ratio to decrease to about 16.5%.

The Staff recommendation differs from the action requested by RABA in that the Staff recommendation contemplates RABA taking actions that will cause the farebox ratio to return to the adopted 19% target. This will involve RABA making some tough decisions decreasing costs and/or increasing fare revenues to avoid penalties. The RABA request is to reduce the farebox requirement to 16.5% permanently. This recommendation is consistent with action taken by the Agency in 1998 reacting to a request by RABA for relief from the statutory farebox standard. At that time the farebox standard was reduced to 15% temporarily with annual increases until 1999-2000. The standard for that year was (and remains) 19%.

For the most recent year completed RABA incurred operating costs of $3,130,853 and collected $591,038 in fares resulting in a fare ratio of 18.88%. Assuming that RABA's request was granted RABA could potentially increase costs by $450,000 and still meet the 16.5% request. This is not to imply that RABA would arbitrarily increase costs but is presented to make the Agency aware of the potential impacts of their eventual decision. This potential increase in costs of $450,000 will be funded from TDA resources available to the local agencies. The burden would be spread to local agencies as follows:

Redding	$364,635	81.03
Anderson	22,815	
Shasta Lake	27,855	
Shasta County	34,695	

Unless directed otherwise by the Agency new requests for service will continue to be evaluated against the statutory farebox standard of 20% in the urban area and 10% in the non-urban areas.

At a minimum the RTPA can grant RABA's request or adopt the Staff recommendation by considering the following factors:

1) The size and density of the urban area in which the services to the general public are provided, and
2) The proportion of the operator's ridership which is transit dependent including elderly, handicapped and low-income patrons as appropriate.

These considerations have been included in the attached resolution.

It is anticipated that a representative of RABA will be in attendance at the RTPA meeting and will be available to answer any relevant questions the Agency may have.

ALTERNATIVES

The Agency could choose to not grant RABA's request, or could set another farebox standard between 15% and 20%.

Another identified alternative would be to calculate the impact of the increase in driver wages only on the farebox ratio and to set the standard based on this impact. It is our understanding that the tentative agreement between Forsythe and the union increases wages over time. Therefore, the impact on the farebox ratio would increase as wage increase triggers occur. The remainder of the RABA operation would be held at 19%. The farebox standard would then follow a downward trend from 19%; presumably bottoming out at about 16.5%. If this alternative is acceptable to the Agency Staff would work with RABA to identify the specific impacts.

OTHER AGENCY INVOLVEMENT
This item was discussed briefly at the Technical Advisory Committee (TAC) meeting. Due to time constraints of not receiving the request letter local agencies have not had the opportunity to comment on this Staff report. A letter has been received from the County and is included with this item.

FINANCING
The impact of reducing the farebox ratio will be a potential increase in the TDA subsidy to RABA. At this time it is not possible to quantify the exact impact. The maximum impact would be an increase in TDA revenues to RABA of about $450,000.

Daniel J. Kovacich

Daniel J. Kovacich, Executive Officer

/jmg

Attachments:
1) Resolution No. 02-01
2) Letter to Norma Comnick dated February 11 from Rod Lindsay
3) Letter to Norma Comnick dated February 20 from Patrick Minturn

RESOLUTION NO.
02-01
SUPPORTING THE FAREBOX REDUCTION
FOR THE REDDING AREA BUS AUTHORITY (RABA)

WHEREAS, California Code of Regulations Section 6645.1 specifies that operators serving in urbanized areas in a population of less than 500,000 may establish for that operator a required ratio of fare revenue to operating costs of less than 15%; and

WHEREAS, Shasta County has a population of less than 500,000; and

WHEREAS, the Redding Area Bus Authority (RABA) has requested a reduction in the farebox standard; and

WHEREAS, the size and density of the urban area in which the services to the general public are provided have been considered; and

WHEREAS, the proportion of the operator's ridership which is transit dependent, including elderly, handicapped and low income patrons, has been considered; and

WHEREAS, the transit operator is providing service to both urban areas and rural areas;

NOW, THEREFORE, BE IT RESOLVED that the Shasta County Regional Transportation Planning Agency established a fare revenue to operating cost standard of 16.5% for 2001-2002, 17.5% for 2002-2003, 18.5% for 2003-2004 and 19% for fiscal years thereafter.

PASSED AND ADOPTED this 26th day of February, 2002, by the Shasta County Regional Transportation Planning Agency.

Norma Comnick, Chairman
Shasta County Regional
Transportation Planning Agency

RABA

February 11, 2002
R-010

The Honorable Norma Comnick
Chairperson
Shasta County Regional Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Dear Chairperson Comnick:

On behalf of the Board of Directors of the Redding Area Bus Authority (RABA), I am respectfully requesting that the Shasta County Regional Transportation Planning Agency (RTPA) permanently reduce RABA's minimum farebox ratio from 19 percent to 16.5 percent, effective this fiscal year.

As you know, RABA implemented a number of significant changes to increase its farebox ratio from 15.9 percent in fiscal year 1997-98 to 19.1 percent in fiscal year 1999-2000. Some of these changes included:

1. Increasing RABA's base fare by 33.3 percent in fiscal year 1998-99;

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Notwithstanding the changes and improvements outlined above, RABA's farebox ratio decreased from 19.1 percent in fiscal year 1999-2000 to 18.8 percent in fiscal year 2000-01. It is anticipated that this ratio will continue to decrease to approximately 16.5 percent due to:

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1. A 17.4 percent increase in the California minimum wage since January 1, 2000, that has had a direct impact on the pay scale that is utilized by RABA's contract operator;

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It is my understanding that the RTPA has the authority to reduce the farebox ratio to as low as 15 percent. However, we believe that RABA can and should do better than15 percent. RABA will continue to strive to obtain the highest farebox ratio possible. With that said, however, the RABA Board of Directors is requesting that the RTPA permanently reduce the farebox ratio to 16.5 percent at your meeting on February 26, 2002, in order to reflect the issues described above.

Thank you in advance for your consideration.

Sincerely,

Rod Lindsay
Chairman

c: Dan Kovacich, RTPA Executive Officer
D:\RABA 2002\COMNICK FAREBOX 2.wpd

SHASTA COUNTY

DEPARTMENT OF PUBLIC WORKS

1855 PLACER STREET
REDDING, CA 96001
(530) 225-5661
FAX (530) 225-5667
DPW/ROADS 1-800-479-8022

PATRICK J. MINTURN
DIRECTOR

February 20, 2002

FCS 020003

The Honorable Norma Comnick, Chairperson
Shasta County Regional
Transportation Planning Agency
1855 Placer Street
Redding, CA 96001

Subject: RABA Farebox Ratio

Dear Chairperson Comnick:

This is in reference to RABA's pending request to permanently reduce the minimum Farebox Ratio to 16.5%. The request cites three causative factors for the failure to meet the statewide minimum standards, all three of which bear equally upon every other transit provider in California. In the absence of a more unique and compelling explanation, the generic criterion should stand.

The Farebox Ratio is a straightforward measure of transit service performance. Transit agencies vary widely in size, demographics, geography, cost of living, etc. They're all different. However, all of the variables cancel out in the Farebox Ratio, to leave a non-biased index. It's such a reliable yardstick that the TDA codes explicitly set forth minimum acceptable standards: 20% Urban, 10% Rural. Weighting those values for RABA yields 19%. Note that this is sited not as an optimal balance, but as a minimum acceptable level, the breaching of which triggers penalties.

There are provisions in the TDA codes for the RTPA to tolerate a lower Farebox Ratio. Such local flexibility is good, when used for cause. Compelling conditions would be exceptional and localized, unprecedented in other times and places. None of the three causative factors proffered by RABA meet this test. Quite the contrary. Changes to the Minimum Wage, the labor market, and fuel prices, are facing every transit provider in California.

The reasons for the shortfall are probably the mundane, day-to-day organizational management functions that the Farebox Ratio is designed to quantify. RABA needs to "look under the hood," diagnose the condition, and work to alleviate it. The "significant changes" sited in RABA's letter sound encouraging; perhaps what is needed is more of the same.

If you have any questions, please give me a call at 225-5661.

Very truly yours,

By Patrick J. Minturn
Patrick J. Minturn, Director

PJM/mlc