REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Consider Redding Area Bus Authority (RABA) Request for Temporary Farebox Ratio Reduction		06/24/08	5

RECOMMENDATION

It is recommended that the Board:

1. Approve a temporary 16% farebox ratio recovery for fiscal year 2007/08; and
2. Approve a temporary farebox ratio recovery reduction consistent with RABA's Short-Range Transit Plan (SRTP) through fiscal year 2014/15 as specified in the attached resolution.

SUMMARY

RABA is currently operating below the 19% farebox ratio recovery established by the RTPA. RABA has developed a 7-year financial plan (Attachment B) based on the SRTP projections. It is forecasted that RABA will meet the 19% farebox ratio requirement by fiscal year 2014/15. RABA has requested a temporary farebox ratio recovery reduction that corresponds with these projections. Staff recommends approval.

DISCUSSION

In July 2005, the Board approved Overall Work Program funds to update RABA's SRTP. On January 28, 2008, the RABA Board approved modified transit services that, in the short term, will reduce the farebox recovery ratio.

Over the past several years RABA has made service adjustments, expenditure reductions, and fare increases in an attempt to meet the 19% farebox requirement. If RABA is unsuccessful in meeting the farebox requirement, member agencies subsidize the shortfall from their share of Transportation Development Act funds. RABA has completed a 7-year financial plan (Attachment B) based on the SRTP projections. RABA expects to meet the 19% farebox requirement in year 2014/15. The action now requested of the Board is similar to actions taken in 1998 and 2001, when similar farebox ratio recovery reductions were approved

RABA is currently in a second year of "farebox ratio" penalties. The "penalty" is the difference between the actual farebox ratio recovery and the farebox ratio recovery required by the RTPA. Though referred to as a penalty in TDA regulations, no TDA funds are actually lost to the region.

The farebox ratio table to the right demonstrates a 9-year comparison of the RTPA farebox requirement and RABA's actual farebox ratio recovery.

FAREBOX RATIOS			
Year	RTPA	RABA	+/-
2006/07	19.00%	18.13%	-0.87%
2005/06	15.00%	14.51%	-0.49%
2004/05	19.00%	13.54%	-5.46%
2003/04	18.50%	15.53%	-2.97%
2002/03	17.50%	16.97%	-0.53%
2001/02	16.50%	19.80%	3.30%
2000/01	19.00%	18.88%	-0.12%
1999/00	19.00%	19.10%	0.10%
1998/99	17.50%	18.52%	1.02%

Staff recommends that the Board approve a temporary farebox ratio recovery reduction consistent with RABA's 7-year plan projections through fiscal year 2014/15. It is further recommended that the Board approve a temporary 16% farebox ratio requirement for fiscal year 2007/08 consistent with current year projections.

ALTERNATIVES

The Board could keep the farebox ratio recovery at 19%. There is no financial effect since there is no actual penalty. It seems reasonable, however, to set farebox standards consistent with the goals of RABA's 7-year financial plan.

OTHER AGENCY INVOLVEMENT

This item was presented at the Technical Advisory Committee (TAC) meeting of June 10, 2008, and TAC recommends approval.

FINANCING

Reducing the farebox ratio recovery will set standards consistent with the SRTP approved by RABA.

Daniel S. Little, AICP, Executive Director

DSL/SLC/jac

Attachments: Resolution 08-07
A- Letter from RABA dated 5/29/08
B- RABA 7-year Financial Plan

RESOLUTION NO. 08-07

CONSIDER REDDING AREA BUS AUTHORITY (RABA) REQUEST FOR A TEMPORARY FARE REVENUE TO OPERATING COST

WHEREAS, Public Utilities Code Section 99268.2 specifies that a transit operator must maintain a ratio of fare revenues to operating cost of at least one-fifth (20%) if serving an urbanized area; and

WHEREAS, California Code of Regulations Section 6645.1 specifies that in a county with a population of less than 500,000, the transportation planning agency may establish a required ratio of fare revenue to operating cost of no less than 15%; and

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

WHEREAS, the Cities of Anderson, Redding, and Shasta Lake, and the County of Shasta entered into a joint powers agreement for the operation of the Redding Area Bus Authority (RABA); and

WHEREAS, RABA is providing service to both urban areas in the cities, and rural areas in the County; 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 City of Anderson was rural prior to the 2000 U.S. Census and subject to a 10% fare revenue to operating cost; and

WHEREAS, a weighted average fare revenue to operating cost of 19% was adopted by the RTPA Board based on the City of Anderson's inclusion in the RABA Joint Powers Agreement; and

WHEREAS, RABA has requested a sliding-scale temporary fare revenue to operating cost reduction that is consistent with RABA's 7-year financial plan (Attachment B); and

WHEREAS, fares and expenditures should be adjusted if costs exceed plan projections.

NOW, THEREFORE, BE IT RESOLVED that the Shasta County Regional Transportation Planning Agency's established fare revenue to operating cost of 19% shall be temporarily reduced to:

- Fiscal Year 2007/08 - 16%
- Fiscal Year 2008/09 - 15.5%
- Fiscal Year 2009/10 - 16.2%
- Fiscal Year 2010/11 - 16.7%
- Fiscal Year 2011/12 - 17.3%
- Fiscal Year 2012/13 - 17.9%
- Fiscal Year 2013/14 - 18.6%
- Fiscal Year 2014/15 and thereafter, 19%

PASSED AND ADOPTED this 24th day of June, 2008, by the Shasta County Regional Transportation Planning Agency.

Norma Comnick, Chair
Shasta County Regional
Transportation Planning Agency

ATTACHMENT A

RABA

May 29, 2008
R-010-750

Norma Comnick, Chair
Shasta County Regional Transportation
Planning Agency
1855 Placer Street
Redding, CA 96001

Subject: Redding Area Bus Authority (RABA) Farebox to Operating Cost Ratio

Dear Mrs. Comnick:

RABA retained Moore & Associates to complete an analysis on how best to modify the way public transit is provided by RABA to achieve the required 19 percent farebox to operating cost ratio of the Shasta County Regional Transportation Planning Agency (RTPA). The report outlined three options, which have gone through extensive public comment and review by the RABA member agencies. An option has been selected which projects achieving the farebox ratio of 19 percent over a seven-year period.

At the Board of Directors (Board) meeting on Monday, May 19, 2008, the Board chose the option to request that the RTPA reduce the current farebox ratio of 19 percent to a sliding scale over a seven-year period (2008-15 with percentages of 15.5, 16.2, 16.7, 17.3, 17.9, 18.6, and 19, respectively). Therefore, it is requested that the RTPA amend the current 19 percent ratio to follow the ratios projected over a seven-year period as RABA implements the option recommended by the consultant, which was slightly modified to reflect comments received from RABA member agencies and the public hearing process.

The Board believes that moving forward with the selected plan and allowing the reduction in the farebox ratio during the plan implementation will be in the best interest of the community and the RABA member agencies. Therefore, your favorable consideration of this request is appreciated.

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

Should you have any questions regarding this request, please call RABA Executive Officer Barry Tippin at 225-4067.

Sincerely,

Mary Leas Stegall

Mary Leas Stegall, Chair
Redding Area Bus Authority

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c: Kurt Starman, Redding City Manager
Scott Morgan, Anderson City Manager
Carol Martin, City of Shasta Lake City Manager
Larry Lees, Shasta County Administrative Officer
Dan Little, RTPA Executive Director
Connie Strohmayer, Redding City Clerk

ATTACHMENT B

REDDING AREA BUS AUTHORITY
2008-15 BUDGET
7-Year Plan

ACCOUNTS	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues	Budget	Projected	Projected	Projected	Projected	Projected	Projected
Passenger Fares-Fixed Route	590,990	638,269	689,331	744,477	804,035	868,358	937,827
Passenger Fares-Demand Response	236,580	246,043	255,885	266,121	276,765	287,836	299,350
Other Revenue	240,000	236,079	241,291	246,625	252,083	257,670	263,388
FTA-Operating	200,000	200,000	200,000	200,000	200,000	200,000	200,000
FTA-Capital	1,339,250	1,513,312	1,335,598	1,003,510	61,176	1,202,274	1,011,406
TDA-Operating	4,215,790	4,264,405	4,427,822	4,533,137	4,638,891	4,744,882	4,850,877
TDA-Capital	334,810	378,328	333,900	250,878	15,294	300,568	252,852
Total Revenues	**7,157,420**	**7,476,436**	**7,483,826**	**7,244,747**	**6,248,245**	**7,861,588**	**7,815,699**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Expenses	Budget	Projected	Projected	Projected	Projected	Projected	Projected
Personnel	207,850	214,086	220,508	227,123	233,937	240,955	248,184
Purchased Transportation	3,162,140	3,307,430	3,465,320	3,569,280	3,676,358	3,786,649	3,900,248
Other Operating Expenses	1,530,180	1,577,450	1,626,231	1,676,572	1,728,525	1,782,144	1,837,483
Marketing	274,170	167,540	174,430	179,710	185,150	190,760	196,540
City Interdepartmental Charges	239,020	246,191	253,576	261,184	269,019	277,090	285,402
Overall Work Program	70,000	72,100	74,263	76,491	78,786	81,149	83,584
Total Operating Expenses	**5,483,360**	**5,584,796**	**5,814,328**	**5,990,359**	**6,171,775**	**6,358,746**	**6,551,441**
CAPITAL OUTLAY							
Capital Outlay	1,674,060	1,891,640	1,669,498	1,254,388	76,470	1,502,842	1,264,258
TOTAL EXPENSES	**7,157,420**	**7,476,436**	**7,483,826**	**7,244,747**	**6,248,245**	**7,861,588**	**7,815,699**

Fare Box Ratio - Combined	15.5%	16.2%	16.7%	17.3%	17.9%	18.6%	19.4%
Beginning Balance of FTA Funds	974,263	631,119	125,873	(189,578)	(160,739)	822,757	677,602
FTA Funds Available	1,196,106	1,208,067	1,220,147	1,232,349	1,244,672	1,257,119	1,269,690
FTA Funds Used	(1,539,250)	(1,713,312)	(1,535,598)	(1,203,510)	(261,176)	(1,402,274)	(1,211,406)
FTA Balance to carry forward	**631,119**	**125,873**	**(189,578)**	**(160,739)**	**822,757**	**677,602**	**735,886**
TDA Funds Available							
LTF Funds	3,187,470	3,330,906	3,480,797	3,637,433	3,801,117	3,972,168	4,150,915
STA Funds	717,172	731,516	746,146	761,069	776,290	791,816	807,652
STA Funds (Prop 1B)		920,000	920,000	920,000	920,000	920,000	920,000
TDA Funds Needed per budget	(4,550,600)	(4,642,733)	(4,761,721)	(4,784,015)	(4,654,185)	(5,045,451)	(5,103,729)
TDA Funds not used by RABA	**(645,958)**	**339,689**	**385,222**	**534,487**	**843,223**	**638,533**	**774,839**