



Government Relations & Public Affairs Committee

February 26, 2009

Possible Legislative Proposal Related To the Transportation Development Act Farebox Recovery Requirements

Issue: The farebox recovery requirements of the Transportation Development Act are projected to have an adverse effect on the ability of some transit operators in providing service and fully utilizing funding for transit.

Recommendation: None; this will be an informational report and discussion.

Discussion: The California Transportation Development Act (TDA) provides a substantial amount of funding for support of transit programs and in some areas local streets, roads and bikeways (more than \$60 million in the four county SACOG RTPA area). In order to be eligible to receive funding, transit operators must meet a number of requirements contained in the TDA. One of these requirements is that transit operators must meet specified farebox recovery requirements. In an urbanized area that is contained within Sacramento County, a transit operator must meet a 20% farebox recovery ratio or the farebox recovery ratio that was in effect in FY 1978/79 (for the Sacramento Regional Transit District, this is 25.5%). The farebox recovery ratio is the amount of the operating cost that is provided by fare revenue.

At least three transit operators in the region, specifically within Sacramento County, are unable to meet the mandated 20% farebox recovery ratio: the City of Galt as part of the South County Transit Link, the City of Folsom, and the City of Elk Grove. SACOG staff has worked with these operators within the limits of the statutes and regulations to fully use exemptions and waivers to address the lower than required fare recovery ratios. Two of the operators have used general fund revenue to support the system and to resolve the fare recovery requirements; the third is approaching the end of allowable exemptions. The City of Elk Grove recently increased its fares, at least in part to address the need for additional fare revenue to meet the TDA mandates.

There are exemptions and alternatives in the TDA to the fare recovery ratio requirements. Two of these exemptions allow the Metropolitan Transportation Commission in the Bay Area and the San Diego Metropolitan Transportation Development Board an exemption that allows the RTPA to approve an alternate farebox recovery ratio for the operators in their region. One possible solution to the problems being experienced by the region's operators is to pursue a legislative change that would expand the authority granted in the Bay Area and San Diego to include SACOG.

Staff has been working with the jurisdictions and SACOG's state advocate to pursue a solution to this issue. We will provide the Committee with any new information at your March 9, 2009 meeting.

Approved by:

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MM:RS:pm

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