

TO: Regional Transportation Commission (RTC)

FROM: Rachel Moriconi, Senior Transportation Planner

SUBJECT: Santa Cruz Metropolitan Transit District (SCMTD) FY 08/09 Claims for Article 4 Transportation Development Act and State Transit Assistance Funds

RECOMMENDATIONS

The Elderly and Disabled Transportation Advisory Committee and staff recommend that the Regional Transportation Commission:

1. Adopt resolutions (Attachments 1 & 2) approving the Santa Cruz Metropolitan Transit District's FY 08/09 Transportation Development Act (TDA) and State Transit Assistance (STA) claim (Attachment 3).
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BACKGROUND

The State of California provides two major sources of funds for public transportation: Transportation Development Act (TDA) and State Transit Assistance (STA). The Regional Transportation Commission (RTC) oversees the allocation of these funds. TDA local transportation funds (LTF) are derived from 1/4 cent of the retail sales tax collected statewide, returned to each county according to the amount of tax collected in that county. TDA funds can be used to fund public transportation system operations, maintenance, and capital projects (such as vehicles, bus shelters, benches, and communication equipment); specialized transportation; RTC administration, transportation planning and programming; and local pedestrian and bicycle projects. In areas where no unmet transit needs exist or are reasonable to meet TDA funds can be used to fund street and road projects. Article 4 TDA funds are available to operators of general public transportation systems. The RTC allocates TDA funds to SCMTD and other claimants based on priorities and formulas in the RTC Rules and Regulations. The allocations are then included in the overall budget.

State Transit Assistance (STA) funds are derived from the statewide sales tax on gasoline and diesel fuel. The money is apportioned to each regional transportation planning agency based 50% on population and 50% on operator revenues for the prior fiscal year. STA funds may be allocated to public transit operators who meet certain qualifying criteria. Each year, the RTC allocates all of the region's STA revenues to SCMTD. The STA allocation also flows through the SCCRTC budget.

In years when revenues from the sales tax on gasoline increase at a higher rate than sales tax revenues on other goods (due to increases in gasoline prices), the difference is considered "spillover" revenues. By statute, "spillover" sales tax revenues are to be directed to public transportation programs, including STA; however, in 2007 legislation was approved to direct 50% of spillover revenues to the State General Fund. In some years, significantly higher portions of the spillover revenues have been diverted to the General Fund, significantly reducing the amount of STA available to SCMTD and other transit agencies in the state. In 2007, statute was also modified to redirect to the STA a portion of Public Transit Account funds that previously went into the State Transportation Improvement Program (STIP).

DISCUSSION

The Commission's FY08/09 Budget allocates \$5,978,465 in TDA and \$5,340,804 in STA to SCMTD. The TDA and STA claim submitted by SCMTD ([Attachment 3](#)) is consistent with the Commission's adopted budget, the Commission's Rules and Regulations, and state regulations. The funding amounts in this claim are based on estimates provided by the Santa Cruz County Auditor and California State Controller. If the amount of TDA and STA funds change, the RTC budget will be amended to reflect the new numbers.

Revenue Changes from Prior Years

As a result of the economic downturn nationwide, sales tax revenues have declined and the TDA amount for SCMTD is 5.3% lower than the total TDA allocations for FY 07/08. While the RTC budget for FY08/09 currently shows STA at \$5.3 million (\$3 million higher than in FY07/08), the Governor's recently released May Revise proposes to divert a significant portion of transit funds to the State General Fund, which would reduce STA back to FY07/08 levels. The legality of this diversion of transit funds is the subject of an ongoing California Transit Association lawsuit. If the STA levels change in the final State Budget or TDA revenues change as compared to current projections, the RTC will amend its budget to reflect the new numbers. SCMTD will not be required to submit a revised claim.

Eligible Use of Funds

By statute, TDA and STA funds may be used for either operations or capital projects. However, due to operating cost increases from year to year, SCMTD has been unable to meet the mandated efficiency standards necessary to use the STA funds for operating purposes (Public Utilities Code section 99314.6) since the late 1980's. Eligibility standards do not apply when STA funds are used for capital projects. Therefore, SCMTD proposes to use the TDA funds for operations and the STA funds for projects in its Capital Improvement Program. Specifically, SCMTD proposes to use the STA funds for construction of the MetroBase Consolidated Operations Facility. Excerpts from SCMTD's operating and capital budgets, adopted May 23, 2008, are attached ([Attachment 3](#)).

Evaluation of SCMTD's STA and TDA Claim

The RTC is required by TDA statute (PUC Section 99244) to identify, analyze, and recommend potential productivity improvements for SCMTD. Staff strongly endorses the productivity improvements identified in Section 17 of the Claim Form:

1. Reduce ParaCruz operating costs through more efficient ride scheduling and reduction in "no-shows".
2. Increase ridership on the Highway 17 Express by adjusting schedules to meet trains at San Jose.
3. Reduce overcrowding by adding more Highway 17 Express trips.
4. Reduce overcrowding on UCSC am trips by adding express service (Route 27x).
5. Consider Watsonville – Santa Cruz service re-alignment.
6. Add ParaCruz Automated Callback System.

The triennial TDA Performance Audit included several recommendations for SCMTD. The following reflects those recommendations and SCMTD's progress towards addressing them.

Recommendation #1: PUC Section 99244 requires the RTC to establish a process to review SCMTD's operation for possible implementation of changes making the operation more efficient. We recommend the SCMTD actively participate in the process set up by the RTC.

- Santa Cruz METRO staff reviewed the draft Claim Form and participated with SCCRTC staff to define new performance measures for reporting annual progress to the SCCRTC within the annual TDA claim submission.
- The new reporting process has been implemented with submission of the FY2009 TDA claim.

Recommendation #2: Participate in the Human Service Coordination Planning Process which the SCCRTC will begin in 2007.

- Santa Cruz METRO participated with Association of Monterey Bay Area Governments (AMBAG) and SCCRTC to develop the Coordinated Public Transit-Human Services Transportation Plan (HSTP). METRO staff participated in teleconferences on August 24, 2007 and October 3, 2007 to develop the Draft Plan.
- METRO reviewed and submitted comments to AMBAG on the public draft.

Recommendation #3: The SCMTD should consider implementing a strategic marketing plan aimed at increasing ridership. This effort could focus on the community TDM realm by participating in region-wide mobility plans.

- Wilbur Smith Associates is currently preparing METRO's Short Range Transit Plan. Elements of the SRTP will consider marketing and participation in regional mobility plans.
- Due to budgetary constraints, METRO has had limited staff available for Planning & Marketing since 2002. Projected stagnation of sales tax revenues may inhibit METRO's ability to implement marketing plans and region-wide planning.

Given its consistency with TDA and STA statute, efforts to improve system efficiency, and progress towards meeting recommendations from the triennial TDA Performance Audit, staff and the Elderly and Disabled Transportation Advisory Committee recommend that the Regional Transportation Commission adopt resolutions (Attachment 1 and 2) approving SCMTD's FY 08/09 Transportation Development Act Article 4 and State Transit Assistance claim (Attachment 3).

TDA Claim Form

New this year, in an effort to standardize the format of TDA claims, ensure that TDA funding requests are in compliance with state statutes, and assist staff and RTC in the review and evaluation of TDA Claims, staff developed a TDA Claim Form. Notably information required by TDA statute differs depending on the type of claim. The claim form addresses the RTC's Rules & Regulations, TDA Statutes, the most recent TDA Triennial Performance Audit, and requests from RTC Commissioners for certain information to be presented with TDA claims.

SUMMARY

The Santa Cruz Metropolitan Transit District has submitted its FY 08/09 Transportation Development Act and State Transit Assistance claims. The claims are consistent with the Commission's adopted FY 08/09 budget and meet the criteria set in the Commission's Rules and Regulations and state regulations.

- Attachments:
1. Resolution for TDA Claim
 2. Resolution for STA Claim
 3. TDA and STA Claims from SCMTD