

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

January 27, 2005

TO: BOARD OF DIRECTORS
THRU: Larry Rubio, Chief Executive Officer
FROM: Chris Gallanes, Chief Financial Officer
SUBJECT: Fiscal Year 2005 Farebox Recovery Ratio Status

Summary: The Agency relies on a Transportation Development Act (TDA) funding subsidy in order to cover approximately 68 percent of its annual operating expenses. This funding is predicated on compliance with TDA operating provisions and statutes. TDA Provision 99268 states that claimants shall meet or exceed a predetermined ratio of fare revenues to operating expenses. This is known as a Farebox Recovery Ratio.

In recent periods, policy and legislation has been adopted that clarifies and expands the definition of allowable parameters relative to the calculation of the Farebox Recovery Ratio. A Farebox Recovery Policy adopted by the Riverside County Transportation Commission (RCTC) expands allowable passenger fare revenues to include Local funds and Local Support revenues. Assembly Bill Number 813 (AB813) allows for the exclusion of comparable paratransit service and liability insurance premium expenses that exceed the prior fiscal year, adjusted by the Consumer Price Index (CPI).

The attached table reflects the Agency's current year-end forecast for the fiscal year 2005 Farebox Recovery Ratio. It is based on a linear projection of fiscal year to date actual through November 2004, and a conservative approach to AB813 exclusions and Local Support revenues per the policy and legislation stated above. It also reflects the Taxi Demonstration Program fiscal year-end expenditure forecast presented to the Agency Board in December 2004, and assumes no additional Measure "A" funding for this program.

The current fiscal year 2005 Farebox Ratio forecast is 18.83 percent. The predetermined target ratio is 17.68 percent, resulting in a favorable variance of 1.15 percent. The Agency is meeting its Farebox Ratio target.

Staff will continue to provide the Board with Farebox Recovery Ratio updates and compliance strategies as required.

Recommendation:

This item was discussed at the Board Budget and Finance Committee meeting of January 5, 2005. The Committee members unanimously approved recommending this item to the full Board of Directors for their consideration as follows:

- Receive and file.

1	Farebox Revenues		\$	5,719,653
2	Local Support Revenues: Measure A (Taxi Demonstration Project)		\$	274,378
3	Subtotal - Farebox Revenues			<u>5,994,031</u>
4	<u>Other Local Support Revenues & Exemptions</u>			
5	New Routes (Implementation year + 2 Year Exemption)	(1,578,460)		
6	Interest Income on Investments	160,060		
7	Lease Revenues - Transit Owned Property	72,000		
8	Bus Shelter Advertising	<u>22,240</u>		
9	Subtotal - Other Local Revenue & Exemptions			<u>(1,324,160)</u>
10	Total Farebox Revenues, Local Support, & Exemptions		\$	<u>4,669,871</u>
11	Operating Expenses (Excl. Depreciation & Amortization)		\$	<u>38,388,836</u>
12	<u>TDA/AB813 Expense Exemptions</u>			
13	New Routes (Implementation year + 2 Year Exemption)	(12,866,549)		
14	Capital Business Equipment	(60,397)		
15	Interest Expense	(500,646)		
16	Paratransit Exemption (AB813)	(50,936)		
17	Liability Premium Exemption (AB813)	<u>(104,276)</u>		
18	Subtotal - TDA/AB813 Expense Exemptions			<u>(13,582,804)</u>
19	Operating Expenses - Adjusted		\$	<u>24,806,032</u>
20	Ratio (Line 8 / Line 18)			<u>18.83%</u>
21	Target			<u>17.68%</u>
22	Variance to Target: (Line 19 - Line 20 (O+/(U)))			<u>1.15%</u>