

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

May 25, 2006

TO: BOARD OF DIRECTORS  
THRU: Larry Rubio, Chief Executive Officer  
FROM: *CF* Craig Fajnor, Chief Financial Officer  
SUBJECT: Fiscal Year 2006 Year To Date 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 2006 Farebox Recovery Ratio. It is based on a linear projection of fiscal year to date actual costs through March 2006 and, in specific known cases, adjustments from that linear projection. In addition, a conservative approach to AB813 exclusions and the inclusion of Local Support revenues per the policy and legislation stated above are also included.

The current fiscal year 2006 Farebox Ratio forecast is 18.81 percent. The predetermined target ratio is 17.73 percent, resulting in a favorable variance of 1.08 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.

Committee Recommendation:

This item was presented at the Board Budget and Administration and Board Operations Committee meetings of May 3, 2006. Due to no quorum present, the Board Budget and Administration Committee members agreed to forward this item to the full Board of Directors without a recommendation.

The Board Operations Committee members unanimously approved and recommended this item to the full Board of Directors for consideration.

Recommendation:

- Receive and file

Farebox Revenues		\$ 7,000,000
Local Support Revenues: Measure A (Taxi Demonstration Project)		\$ -
Subtotal - Farebox Revenues		<u>7,000,000</u>
<b>Other Local Support Revenues &amp; Exemptions</b>		
<u>New Routes (Implementation year + 2 Year Exemption)</u>	(275,000)	
Interest Income on Investments	320,000	
Lease Revenues - Transit Owned Property	73,000	
Bus Shelter Advertising	<u>19,000</u>	
Subtotal - Other Local Revenue & Exemptions		<u>137,000</u>
<b>Total Farebox Revenues, Local Support, &amp; Exemptions</b>		<b><u>\$ 7,137,000</u></b>
Operating Expenses (Excl. Depreciation & Amortization)		<u>\$ 40,750,000</u>
<b>TDA/AB813 Expense Exemptions</b>		
<u>New Routes (Implementation year + 2 Year Exemption)</u>	(2,800,000)	
Capital Business Equipment	-	
Interest Expense	-	
Paratransit Exemption (AB813)	-	
Liability Premium Exemption (AB813)	<u>-</u>	
Subtotal - TDA/AB813 Expense Exemptions		<u>(2,800,000)</u>
<b>Operating Expenses - Adjusted</b>		<b><u>\$ 37,950,000</u></b>
<b>Ratio (Line 8 / Line 18)</b>		<b><u>18.81%</u></b>
Target		<u>17.73%</u>
<b>Variance to Target: (Line 19 - Line 20 (O+/(U)))</b>		<b><u>1.08%</u></b>