

RIVERSIDE TRANSIT AGENCY
1825 Third Street
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January 25, 2007

TO: BOARD OF DIRECTORS
THRU: Larry Rubio, Chief Executive Officer
FROM: Mark Stanley, Director of Planning
SUBJECT: Exemptions to the Farebox Recovery Requirement, Section 99268.8

Summary: In recent communications with the Caltrans office that oversees compliance with state Transportation Development Act (TDA) regulations, staff received clarification on the exemption of new service from meeting farebox requirements, Public Utilities Code, Chapter 4: *Transportation Development*, Article 4: *Claims for Funds*, Section 99268.8: *Exemption for Extension of Services*.

The clarification helps in the determination of initiating new service. Previously all new service was required to be exempted from farebox recovery for the first two years in addition to the year on implementation. The exemption was interpreted by Caltrans to be mandatory regardless of route productivity.

The interpretation of the ruling comes from the Department of Transportation (Caltrans), Division of Mass Transportation who are entrusted with oversight of compliance and making recommendations to the California Transportation Commission for TDA funding requirements. The official quote received reads as follows:

As we read Section 99268.8, it seems the only point that it makes is that a new route or extension of service shall not be required to meet the required ratios of fare revenues to operating expenses. This section does not state, that, in the event a new route or extension of services exceeds that requirement that one cannot use the farebox ratio recovery as part of the calculation to determine overall farebox box ratio recovery. This section only states that a new service route or extension of service SHALL NOT BE REQUIRED to meet the farebox ratio standard. Or, to word it more closely to this section, that the requirement does not apply.

The correspondences went on to say:

We understand that this reverses a previous opinion from the Division of Mass Transportation given a few years ago. However, our present position on this issue, we think, is in harmony with the intent of the TDA law, and that is to support and expand transit services in the state of California.

With the current interpretation, RTA would not to be unfairly compromised financially for implementation of for example Bus Rapid Transit (BRT) in one of the agencies most heavily traveled corridor. The concern was that such service would take passengers away from routes that exceed farebox recovery ratio of 20 percent without taking advantage of counting passengers on new service that may exceed the 20 percent fixed route requirement. Such a scenario would erode the required blended farebox recovery for RTA of 17.65 percent.

This ruling comes at a time the Agency is considering making major enhancements that include realignment of routes. The flexibility to exempt service that will take time to mature and inclusion of service that is successful accomplishes the State of California's goal of "support and expand transit services in the State of California".

Fiscal Impact:

None

Committee Recommendation:

This item was discussed at the Board Budget and Administration and Board Operations Committee meetings of January 10, 2007. The Committees' members unanimously approved recommending this item to the full Board of Directors for their consideration.

Recommendation:

Receive and File.