

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

May 24, 2007

TO: BOARD OF DIRECTORS
THRU: Larry Rubio, ^{LR} Chief Executive Officer
FROM: Craig Fajnor, ^{CF} Chief Financial Officer
SUBJECT: Fiscal Year 2007 Projected Farebox Recovery Ratio

Summary: The Agency relies on a Transportation Development Act (TDA) funding subsidy in order to cover a significant portion 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 the Farebox Recovery Ratio (FRR).

In recent periods, policy and legislation has been adopted that clarifies and expands the definition of allowable parameters relative to the calculation of the FRR. 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, fuel, 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 2007 FRR. It is based on a linear projection of fiscal year to date actual costs through March 2007 and, in specific known cases, adjustments from that linear projection. A conservative approach to AB813 exclusions and the inclusion of Local Support revenues per the policy and legislation stated above are also included. It should be noted that the projection includes the impact of CalTrans recent change in interpretation of exempt route status as it pertains to FRR and the inclusion of the impact of the service changes expected during the fourth quarter of the fiscal year.

The current projected fiscal year 2007 Farebox Ratio forecast is 19.77 percent. The predetermined target ratio is 17.65 percent, resulting in a favorable variance of 2.12 percent. The Agency should meet and exceed its Farebox Ratio target. This projection does not include the effects of the impending and anticipated Federal Excise Tax credit nor the potential pre-funding of the GASB 43/45 liability.

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

Committee Recommendation:

This item was discussed at the Board Budget and Administration and Board Operations Committee meetings of May 2, 2007. The Committees' members unanimously approved and recommended this item to the full Board of Directors for their consideration.

Recommendation:

Receive and file.

Farebox Revenues		\$	7,572,398
Local Support Revenues: Measure A (Route 794)		\$	120,000
Subtotal - Farebox Revenues			<u>7,692,398</u>
Other Local Support Revenues & Exemptions			
New Routes (Implement. year + 2 Year Exemption): 36 & 16 Bridge S	(11,400)		
Interest Income on Investments	675,000		
Federal Excise Tax Rebate on CNG	-		
Lease Revenues - Transit Owned Property	114,604		
Bus Shelter Advertising	20,000		
Subtotal - Other Local Revenue & Exemptions			<u>798,204</u>
Total Farebox Revenues, Local Support, & Exemptions		\$	<u>8,490,602</u>
Operating Expenses (Excl. Depreciation & Amortization)		\$	<u>43,775,000</u>
TDA/AB813 Expense Exemptions			
New Routes (Implement. year + 2 Year Exemption): 36 & 16 Bridge S	(332,000)		
Fuel Exemption (AB813)	-		
Paratransit Exemption (AB813)	(500,000)		
Liability Premium Exemption (AB813)	-		
Subtotal - TDA/AB813 Expense Exemptions			<u>(832,000)</u>
Operating Expenses - Adjusted		\$	<u>42,943,000</u>
Ratio (Line 8 / Line 18)			<u>19.77%</u>
Target			<u>17.65%</u>
Variance to Target:			<u>2.12%</u>