Reforming the Transportation Development Act (TDA): A Draft Framework

Thursday, January 23, 2020

TDA Reform Task Force
California Transit Association
Opening Remarks: State Legislative Committee and Task Force Chair

Rick Ramacier
Chair, State Legislative Committee
California Transit Association
How to Ask Questions or Submit Comments

• Submit your questions or comments anytime during the program using the Questions module in your webinar control panel at the right of your screen.

• We will collect all questions and get to as many as time permits during the Q&A portion of the program.

• We will also collect all comments, which will be considered at a later date.
Legislative Request to Form TDA Reform Task Force

Joshua W. Shaw  
*Executive Director*  
California Transit Association

Rick Ramacier  
*Chair, State Legislative Committee*  
California Transit Association
The Transportation Development Act (TDA)

• Mills-Alquist-Deddeh Act of 1971
• Creates first State funding for local public transportation services
• Funds two primary programs:
  – Local Transportation Funds (1/4 of 1% sales tax)
  – State Transit Assistance Program (sales tax on diesel fuel)
• “TDA” = hundreds of pages of statutes and regulations
SUMMARY:
The bill removes the sales tax exemption from gasoline, reduces the state sales tax 1/4%, and increases the county sales tax 1/4%.

ANALYSIS:
A. Specific Findings:
The bill amends the Uniform Local Sales and Use Tax Act to provide that the county tax must be 1-1/4% and that the 1/4% increase must be placed in a local transportation fund.
The fund is available for claims filed pursuant to Article 4 or Article 8.

ARTICLE 4. CLAIMS

These claims have priority after claims for transportation planning by statute only if Regional Transportation Planning entities not exceeding 3% of the fund. They are to be made by public entities applicants for public transportation systems, transportation research and demonstration projects, and have the following limitations and features.

1. The claim may include funds for both capital and operating requirements.

2. The claim must evidence the expected deficit over expected revenues but need not be limited to it.

3. At least 75% of the funds received under Article 4 must be used for capital expenditures. Federal or other state funds for capital expenditures may be included in computing the 75%. "Capital expenditures" is broadly defined and includes equipment, trust certificates, or other indebtedness and interest thereon.

4. No more than 50% of the amount required for operating, capital and debt service may be claimed after reduction of federal grants. This is

PUBLIC FUND SUPPORT FOR RTD: ASSURED WITH SIGNING OF SB325

Funds Earmarked To Help Transit Systems Maintain And Improve Service

As an example of what concerns public transit fund support for transit the outcomes are the passage of public transit funding legislation at the current session of the California Legislature.

Governor Reagan on November 4, signed into law Senate Bill 325, which provides general funds for transit relief and comports with the intent of the author of public transit systems at the state and county levels and the general funds of cities and counties.

Mr. Norman Topping, Jr., president, and member of the Board of Directors of the State Transit Authority, said that "the spirit of the Governor's bill is to accommodate the reasonable support the funds. RTD especially supported the bill. A good diversified group of individuals and representatives observed the need for the legislation, which was introduced by Senator Gifford, Jr., and supported by Assemblyman Peter Nedeau, former member of the State Senate, and Senator Al $ Algham.

In signing the bill, the Governor said that he will permit local officials to accelerate their efforts to develop comprehensive, rational and balanced transportation finance systems.

A Letter From The General Manager

In response to the above comments, Mr. Topping has informed the following statement: "As an example of what concerns public transit fund support for transit the outcomes are the passage of public transit funding legislation at the current session of the California Legislature. Governor Reagan on November 4, signed into law Senate Bill 325, which provides general funds for transit relief and comports with the intent of the author of public transit systems at the state and county levels and the general funds of cities and counties. Mr. Norman Topping, Jr., president, and member of the Board of Directors of the State Transit Authority, said that "the spirit of the Governor's bill is to accommodate the reasonable support the funds. RTD especially supported the bill. A good diversified group of individuals and representatives observed the need for the legislation, which was introduced by Senator Gifford, Jr., and supported by Assemblyman Peter Nedeau, former member of the State Senate, and Senator Al $ Algham. In signing the bill, the Governor said that he will permit local officials to accelerate their efforts to develop comprehensive, rational and balanced transportation finance systems. Author Miers thanked the successful "bill" appropriately.

Mayor Reappoints

Topping To Board Dr. Norman Topping, of RTD, has been re-appointed to the board of directors by Mayor Pete Forcey.

Dr. Topping has been a director with RTD since the agency was formed in 1953 and has long been dedicated to the improvement of public transportation systems.
Transportation Development Act

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• Funds two primary programs:
  – Local Transportation Funds (1/4 of 1% sales tax)
  – State Transit Assistance Program (sales tax on diesel fuel)
• “TDA” = hundreds of pages of statutes and regulations
August 8, 2018

Mr. Joshua Shaw, Executive Director
California Transit Association
1415 I Street, Suite 1000
Sacramento, CA 95814

Re: Request for Review of the Transportation Development Act

Dear Mr. Shaw:

On behalf of the transportation policy committees of the California State Legislature, we are writing to request the California Transit Association (CTA) spearhead a Transportation Development Act Policy Task Force to fully examine performance measures for our state’s public transportation system and produce a legislative recommendation for any reforms or changes to the current programs.

As you are aware, the Transportation Development Act (TDA) was crafted in the 1970s to provide a funding scheme for the state’s public transportation system. TDA governs the expenditure of billions of dollars of funding for a wide variety of transit services in California. Specifically, TDA is funded by a 9.5 cent statewide sales tax known as the Local Transportation Fund (LTF), and the sales tax on diesel fuel known as State Transit Assistance (STA). These funding streams are distributed to transit operators and regional transportation planning agencies (RTPs) through long held statutory formulas. Additionally, there are different performance requirements attached to the two programs and the programs are linked, so performance outcomes in one can affect the other.

It has come to our attention in recent years that the performance measures developed in TDA law, including farebox recovery ratio, may not be adequate to meet the needs and overall transportation goals of our state. Additionally, it is our understanding that other states, and even our own California State Transportation Agency (CalSTA), have revised measurements and moved to newer standards.

As the state and regions continue to work toward the goal of reducing greenhouse gas emissions, as well as curbing other forms of air pollution, increasing the mode shift from single occupant car trips to public transportation is critical for success. Additionally, providing alternative modes of transportation helps relieve congestion on our highways, increasing the quality of life for commuters and assisting with the movement of goods throughout our state. The state remains committed to providing funding for public transit. In fact, with the recent passage of SB 1 (Beall), Chapter 5, Statutes of 2017, STA funding increased by roughly 130 percent.

As funding partners in these systems, the state must be able to measure performance outcomes to help guide future state policies. If the current system is not adequate, then the Legislature must consider alternatives.

To that end, we are requesting that CTA convene a Task Force of stakeholders, including but not limited to, transit operators from both urban and rural areas; RTPs from both urban and rural areas; the Administration; and relevant academics to thoroughly examine the current TDA performance measures for both LTF and STA and propose new, updated standards for the Legislature to consider. The Task Force should consider, but not be limited to, the following:

- Issues of overall service of transit agencies, e.g., providing reliable service to commuting populations while also providing service for the elderly and disabled;
- Issues of population and population density differences, such urban versus rural service areas;
- Issues of funding, including federal, state, and local sources;
- Issues of capital and operations, e.g., how do we measure performance of both capital assets and the operation of the systems;
- Issues of state oversight, e.g., which state department or agency should be responsible for transit system oversight and reporting; and,
- General issues of TDA law that should be examined, e.g., whether LTF funds should be spent on local streets and roads.

We would request that the Task Force complete their work by the Fall of 2019, so that any legislative recommendations could have full consideration during the 2020 legislative year.

We thank you in advance for taking on this monumental task and partnering with the Legislature to update TDA. Please contact Melissa White, with Assembly Transportation Committee, at melissa.white@asm.ca.gov, or Manny Leon, with Senate Transportation and Housing Committee, at manny.leon@sen.ca.gov, with any questions.

Sincerely,

[Signature]
Honorable Jim Frazier, Chair
Assembly Committee on Transportation
Eleventh Assembly District

[Signature]
Honorable Jim Beall, Chair
Senate Committee on Transportation and Housing
Fifteenth Senate District
Beall + Frazier Request: Background (cont.)

• Long history, various legislative changes to TDA
  – Senate Bill 508 (Beall) [Chapter 716, Statutes of 2015]
  – Assembly Bill 1113 (Bloom) [Chapter 86, Statutes of 2017]

• Then… Senate Bill 1 (Beall & Frazier) [2017] / Proposition 6 [2018]
  – Chairs wanted moratorium on TDA-related bills
  – But… Assembly Bill 1969 (Salas) [died in Assembly Transportation Committee, 2018]
  – But… Senate Bill 903 (Cannella) [Chapter 107, Statutes of 2018]

• Yet, committee staff don’t want more piecemeal changes to TDA
  – So, Chairs issued request to review TDA, make recommendations for changes
Beall + Frazier Request: The Ask

• Asks the Association to “spearhead” a TDA policy task force to:
  – …fully examine performance measures for our state’s public transportation system and…
  – … produce a legislative recommendation for any reforms or changes to the current programs.

• Acknowledges:
  – TDA sets up two transit funding streams, LTF and STA
  – Different performance requirements attached to the two funding programs
  – The programs are linked
  – Performance outcomes in one program can affect the other
Beall + Frazier Request: The Ask (cont.)

• Asserts:
  – TDA’s performance measures, including farebox recovery ratio, may not be adequate to meet the needs and overall transportation goals of our state
  – Other states, and even CalSTA, have revised measurements and moved to newer standards
  – Public transit is important to the state
  – The state must be able to measure performance outcomes to guide future policies
  – If the current system is not adequate, then the Legislature must consider alternatives

• Directs TDA task force to:
  – Thoroughly examine current TDA performance measures for LTF and STA, and
  – Propose new, updated standards for the Legislature to consider
Beall + Frazier Request: The Ask (cont.)

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• Directs TDA task force to:
  – Thoroughly examine current TDA performance measures for LTF and STA, and
  – Propose new, updated standards for the Legislature to consider
Two Main Performance Measures to Examine

**Farebox recovery ratio requirements**

- Generally, urban transit agencies must maintain a ratio of fare revenues to operating costs of 20%, and non-urban agencies must maintain a 10% ratio.
- Required ratio is adjusted by transportation planning agency in defined circumstances.
- Exemptions to “operating cost” are defined.
- Failure to comply can lead to reduced LTF allocations.

**STA Program qualifying criteria**

- Transit agencies that don’t maintain annual operating cost per revenue vehicle hour within regional CPI can spend only a portion of STA funds on operations, inversely proportionate to the degree costs exceeded the allowable CPI adjustment.
- Exemptions to “operating cost” are defined and transportation planning agency may adjust cost and revenue vehicle hours for defined circumstances.
Beall + Frazier Request: The Ask (cont.)

• Suggests the task force consider, but not be limited to, issues of:
  – Overall service of transit agencies, e.g. providing reliable service to commuters as well as to the elderly & disabled
  – Population and population density differences, such as urban versus rural areas
  – Funding, including federal, state and local sources
  – Capital and operations, e.g. how to measure performance of each
  – State oversight, e.g. which state department or agency should oversee transit system oversight and reporting
  – General aspects of TDA law that should be examined, e.g. whether LTF should be spent on local streets and roads

• Further directs TDA task force to:
  – Complete its work by Fall of 2019, for possible legislative consideration in 2020
## Task Force Member Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Organization</th>
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<tbody>
<tr>
<td>County Connection</td>
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<td>Victor Valley Transit Authority</td>
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<td>Sacramento RT</td>
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Early Stakeholder Input

- California Transit Association / Affected Transit Agencies
- Senate Transportation Committee
- Assembly Transportation Committee
- Governor’s Office
- California State Transportation Agency
- Caltrans Division of Rail and Mass Transportation
- California Association of Councils of Governments
- Rural Counties Task Force
- League of California Cities
- California State Association of Counties
Transit Agency

Current TDA Performance Measurement System

Compliance: Farebox Recovery Ratio

LTF $s

Compliance: Operating Cost Per Hour Cap

STA $s
Public Transit Riders Need Stability

- Raise Fares to Make-up Shortfall
- Cut Services (Cut Expenses)
- Lose Riders (Lose Revenue)
State Expects Accountability
Summary of Adopted Principles

- How Do We Help Transit
- Cut “Qualification” Strings
- Consider Unmet Needs
- Don’t Reallocate
Process From Here

- Task Force adopts final draft framework concept (01-02-20)
- Stakeholder outreach and listening sessions (01-23-20… +?)
- Task Force assimilation of stakeholder feedback
- Task Force revises draft framework concept, **if needed**
- Task Force forwards revised FINAL concept to Association’s State Legislative Committee
- State Legislative Committee reviews (and **possibly** revises) draft FINAL concept and forwards to Association’s Executive Committee
- Executive Committee adopts FINAL concept
- Association transmits FINAL concept report to Legislature
- Bill possibly introduced reflecting FINAL concept report (or… something else?)
Towards A Draft TDA Reform Framework

Joshua W. Shaw
Executive Director
California Transit Association
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### Original Decision Matrix

#### Task Force Choice to Make:

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- **Performance Measures**
  - LTF Farebox Recovery Ratio Requirement
  - STA Qualifying Criteria

- **Off the Top Allocations**
  - Administration
  - Planning & Programming
  - Rail

- **Transit / Streets & Roads**
  - Unmet Needs Process

**Choice to Make:**
- Keep but Amend?
- Replace with New?
**Draft Concept vs Original Decision Matrix**

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**Task Force Choice to Make:**

- Keep but Amend?
- Replace with New?

*But... not today*
An Assessment of Performance Measures In the Transportation Development Act

August 28, 2019

John Gahbauer
Jaimee Lederman, Ph.D.
Esther Huang
Martin Wachs, Ph.D.
Juan Matute
Brian D. Taylor, Ph.D.

of the UCLA Institute of Transportation Studies for

Josh Shaw, Executive Director
California Transit Association

Eric Thronson, Chief Consultant
California State Assembly Committee on Transportation

UCLA Institute of Transportation Studies
Key Findings:
• 7 transit agencies out of compliance with Farebox Recovery Ratio requirement, in penalty phase
• 5 in non-self-help counties
• 2 in self-help measures contribute <10% to transit
• All agencies comply with STA Program requirement
8. Proposed Policy Options

Motivation for change

Based on the preceding analysis, we find that the TDA, as currently structured, conflicts with a variety of state policies and goals for public transit; specifically:

1. The state’s goals for transit have changed and broadened considerably since 1971 when the TDA became law and 1978 when the farebox recovery requirement was added;
2. Our survey of California transportation professionals reveals the current TDA requirements appear to influence agency management decisions in ways that do not align with the state’s current goals for transit;
3. Our review of peer states (i.e., states that invest heavily in transit) indicates that California does not follow the current best practice in performance assessment.

Accordingly, we recommend that changes be considered in:

- The specific measurement of performance (the farebox recovery rate) and the number of performance measures used;
- The grouping of peer agencies;
- How non-compliance is identified;
- The use and frequency of audits;
- The consequences for initial and chronic non-compliance.
Current TDA Performance Measurement System

Compliance: Farebox Recovery Ratio

Unintended Consequences:
- Difficult to reconstruct and interpret meaning (FBRR)
- Favors shorter trips and/or quicker routes; does not track use (STA cap)
- Limits risk-taking
- Inflates fares
- Leads to service cuts

Transit Agency

Compliance: Operating Cost Per Hour Cap
UCLA ITS Recommendations: Summary

1. Replace farebox recovery ratio requirement with annual reporting on a set of performance measures
2. Adopt peer group comparisons
3. Use standard deviation analysis to identify agency outliers
4. Redeploy current performance audit requirement
5. Provide technical assistance through RTPAs or a state Transit Excellence Center
6. Establish a framework and authority for remedial action
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Compliance: Operating Cost Per Hour Cap

LTF $s

STA $s
Reaction to Initial Concept

• Executive-level members of Task Force + other transit agency executives concerned…
  o Way more agencies *don’t* fail farebox than do…
  o Why add lots of new reporting – or a whole new system of measures – for *all agencies*, when such measures might be misused?
  o Why not just fix the problem for the *non-compliant agencies*?

• Thus, a new concept emerged:
  • *Retain* basic farebox recovery ratio statutes;
  • Focus effort on *helping* non-complying agencies;
  • While still offering State some accountability.
Revised Draft New TDA Performance Measurement System

Measure + Report:
- Target Farebox Recovery Ratio

Measure + Report:
- Target Operating Cost Per Hour Capped @ CPI
State Expects Accountability
Revised Draft New TDA Performance Measurement System

Measure + Report:
Target Farebox Recovery Ratio

Non-Compliance?

Measure + Report:
Target Operating Cost Per Hour Capped @ CPI
TDA Reform Task Force

21st Century Framework for Transportation Development Act Policy Change

Revised 1/3/19

Background
California’s Transportation Development Act (TDA) of 1971 provides the lifeblood of public transportation funding in California. The TDA is an important source of funding for the state’s public transit agencies, representing approximately 18 percent of their total revenue between the TDA’s two revenue streams – Local Transportation Funds (LTF) and the State Transit Assistance (STA) Program. The TDA originated as an effort to modernize and expand public transit in California with dedicated revenue sources, while also holding individual transit agencies accountable for their public expenditures by setting specific performance requirements. The most notable of these was the farebox recovery requirement, which was established in 1978. However, the Legislature has periodically added exemptions to the TDA’s requirements and allows certain non-fare revenue to be counted in the farebox calculation, creating an uneven playing field for operators that lack such revenue. These changes have led some to ask whether the time has come to overhaul the TDA performance measure system.

This paper recommends reforms to the TDA performance measurement system that keep the farebox requirements as benchmarks that work well for most operators, while removing the financial penalty associated with noncompliance. This would be replaced with stronger oversight at the regional level and new reporting requirements for transit operators that repeatedly fall short of farebox requirements; these agencies would be required to show how their systems perform relative to other important local, regional, and statewide goals.

Problem Statement
A recent UCLA ITS study reached several key findings, including:

- The state’s goals for transit have changed and broadened considerably since 1971 when the TDA was first enacted.
- The current farebox requirements are outdated and do not reflect the modern needs of transit agencies.
- There is a need for new performance measurement tools to better assess the effectiveness of transit programs.

The TDA Reform Task Force was established to address these issues and develop a 21st Century Framework for Transportation Development Act Policy Change.
Draft TDA Reform Framework

• Retains TDA’s current farebox recovery ratio requirements

• Removes financial penalties for farebox ratio non-compliance
  ▪ i.e. Converts agency’s farebox recovery ratio “requirement” to a target

• Helps agencies comply in the first place
  ▪ Lowers the thresholds themselves
  ▪ Revises farebox recovery ratio definitions of numerator and denominator

• Subjects agencies missing farebox target 3 years in a row to a new action plan, measurement & reporting process involving its RTPA (and possible funded technical support), with choices built in to remediate to the target (or to new targets), and new RTPA authority to compel outcomes
Draft TDA Reform Framework

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Draft TDA Reform Framework: 1st Element

• Retains TDA’s current farebox recovery ratio requirements
Current TDA Performance Measurement System

Compliance: Farebox Recovery Ratio

STOP

Transit Agency

STOP

Compliance: Operating Cost Per Hour Cap

LTF $s

STA $s
Draft New TDA Performance Measurement System

- **Target**: Farebox Recovery Ratio

- **Target**: Operating Cost Per Hour Cap

- **LTF $s**

- **STA $s**
Draft TDA Reform Framework: 2nd Element

• Retains TDA’s current farebox recovery ratio requirements

• Removes financial penalties for farebox ratio non-compliance
  ▪ i.e. Converts agency’s farebox recovery ratio “requirement” to a target
Draft New TDA Performance Measurement System

Target: Farebox Recovery Ratio

Transit Agency

Target: Operating Cost Per Hour Cap

LTF $s

STA $s
Draft New TDA Performance Measurement System

Measure + Report:
Target Farebox Recovery Ratio

Measure + Report:
Target Operating Cost Per Hour Capped @ CPI
Draft TDA Reform Framework: 3rd Element

- Retains TDA’s current farebox recovery ratio requirements
- Removes financial penalties for farebox ratio non-compliance
  - i.e. Converts agency’s farebox recovery ratio “requirement” to a target
- Helps agencies comply in the first place
  - Lowers the thresholds themselves
  - Revises farebox recovery ratio definitions of numerator and denominator
Farebox Ratio Definition Amendments

• **Lower** required ratios
  – from 20% for Urban areas to 15%
  – from not less than 15% for PUC 99268.12 areas to not less than 10%
  – from 10% for Non-urban areas to 7.5%

• **Raise** PUC 99268.12 population threshold below which ratio may be set at not less than 10%
  ▪ 750,000?
  ▪ 1,000,000?
Farebox Ratio Definition Amendments (cont.)

1. Supplement farebox revenues with all operating sources (including Federal and LCTOP)
2. Exclude all E&H/ ADA paratransit operating costs
3. Exclude all operating costs of compliance with ARB’s Innovative Clean Transit regulation
4. Exclude “operating costs” from pensions added by new GASB 65/ GASB 70 rules
Draft TDA Reform Framework: 4th Element

• Retains TDA’s current farebox recovery ratio requirements
• Removes financial penalties for farebox ratio non-compliance
  ▪ i.e. Converts agency’s farebox recovery ratio “requirement” to a target
• Helps agencies comply in the first place
  ▪ Lowers the thresholds themselves
  ▪ Revises farebox recovery ratio definitions of numerator and denominator
• Subjects agencies missing farebox target 3 years in a row to a new action plan, measurement & reporting process involving its RTPA (and possible funded technical support), with choices built in to remediate to the target (or to new targets), and new RTPA authority to compel outcomes
Draft Concept: Target Non-Compliance

Transit agency misses farebox target *3 years in a row*; new framework triggers in year 4. At its *option*, transit agency must *either*:

**A.** Submit to RTPA action plan to meet farebox target.

1. If target not met after 3 more years even though agency follows action plan, RTPA moves agency to Option B.

2. If, on the other hand, RTPA determines agency is not complying with action plan, RTPA authorized to require agency to take good faith efforts as condition of continued receipt of TDA funds.

**B.** In collaboration w/RTPA, develop & report new performance targets, which must include both:

- At least one measure from traditional efficiency, effectiveness and service quality buckets.
- Alternative measures, such as broader or specific goals unique to the local community, region, or state that illustrate the transit agency’s contributions to each of those selected goals.

If RTPA determines after 3 more years agency’s performance falling too short of any of the new goals, then RTPA authorized to require agency to take good faith efforts as condition of continued receipt of TDA funds.
Draft New TDA Performance Measurement System

LTF $s

Transit Agency

STA $s

Measure + Report: Target Farebox Recovery Ratio

Non-Compliance

Measure + Report: Target Operating Cost/ Hour Cap
Draft New TDA Performance Measurement System

LTF $s

Measure + Report: Target Farebox Recovery Ratio

Non-Compliance

RTPA: Supports/Compels Outcomes

Option A: After 3 more years of missing farebox recovery target, may determine transit agency taking all appropriate action plan steps, moves agency to Option B.

Or, may determine agency not taking all appropriate action plan steps; may compel agency to take certain steps as condition of continued LTF receipt.

Option B: Collaborates with agency to develop, measure and report new performance targets.

After 3 more years of missing new targets, may compel agency to take certain steps as condition of continued LTF receipt.
Option B: Traditional Measures?

Derivation

Service Inputs:
- Labor
- Capital
- Fuel

Service Consumption:
- Passengers
- Passenger Miles
- Operating Revenue

Service Outputs:
- Vehicle Hours
- Vehicle Miles
- Capacity Miles

Service Effectiveness

Cost Efficiency

Cost Effectiveness
Option B: Traditional Measures?

At Least One of Each

Service Effectiveness
- Passengers per revenue vehicle hour
- Passengers per revenue vehicle mile

Cost Effectiveness
- Farebox recovery rate
- Operating ratio (revenue divided by costs)
- Operating cost per passenger
- Subsidy per passenger
- Fare revenue per passenger

Cost Efficiency
- Operating cost per revenue hour
- Operating cost per revenue mile
- Operating cost per vehicle trip
Option B: New Measures?

Locally- and Regionally- Generated, Unique Measures

Measure transit’s contributions to:

- Local Goals
- State Goals
- Regional Goals
Option B: New Measures?

Statute specifies parameters around development of new measures, which could be reported from each category...

RTPAs and transit agencies collaboratively develop their preferred measures

**Goal:** Rely on existing transit operator data – avoid adding measures requiring costly new analysis
Draft Concept: Target Non-Compliance

Transit agency misses farebox target 3 years in a row; new framework triggers in year 4. At its option, transit agency must either:

A. Submit to RTPA action plan to meet farebox target.
   1. If target not met after 3 more years even though agency follows action plan, RTPA moves agency to Option B.
   2. If, on the other hand, RTPA determines agency is not complying with action plan, RTPA authorized to require agency to take good faith efforts as condition of continued receipt of TDA funds.

B. In collaboration w/RTPA, develop & report new performance targets, which must include both:
   • At least one measure from traditional efficiency, effectiveness and service quality buckets.
   • Alternative measures, such as broader or specific goals unique to the local community, region, or state that illustrate the transit agency’s contributions to each of those selected goals.

If RTPA determines after 3 more years agency’s performance falling too short of any of the new goals, then RTPA authorized to require agency to take good faith efforts as condition of continued receipt of TDA funds.

POSSIBLE OPTION: Transit agencies missing their farebox or new target(s) may (but aren’t required to) access funds to pay for a peer-to-peer study group or a bench of RTPA pre-qualified consultants.
Funding Technical Assistance: Options

1. **State** could fund ongoing pot of technical assistance funds, capped at $4 million.

   Allocate some amount of dollars “off the top” from LTF, each year until goal met.

   In first years of program, statute specifies that no more than, say, $1 million per year flows into pot; pot fully funded at end of first four years.

   Then, when transit agencies access and spend down funds, statute would automatically replenish, at a rate no faster than specified per-year cap.

2. **State** budget could annually allocate $1 million from non-STA Program Public Transportation Account funds, to a pot capped at $4 million.

   As transit agencies access funds, when available funds drops below $2 million, appropriations would begin again and proceed until cap reached.

   Statute would automatically replenish, at a rate no faster than specified per-year cap.

3. **RTPA** could make available some of its regional discretionary STA Program funds.

4. **Transit agency** could choose to use its own funds.

**No Consensus**
Review: Draft TDA Reform Framework

- Retains TDA’s current farebox recovery ratio requirements
- Removes financial penalties for farebox ratio non-compliance
  - i.e. Converts agency’s farebox recovery ratio “requirement” to a target
- Helps agencies comply in the first place
  - Lowers the thresholds themselves
  - Revises farebox recovery ratio definitions of numerator and denominator
- Subjects agencies missing farebox target 3 years in a row to a new action plan, measurement & reporting process involving its RTPA (and possible funded technical support), with choices built in to remediate to the target (or to new targets), and new RTPA authority to compel outcomes
### Draft Concept vs Original Decision Matrix

**Performance Measures**
- LTF Farebox Recovery Ratio Requirement
- STA Qualifying Criteria

**Off the Top Allocations**
- Administration
- Program
- Rail

**Transit / Streets & Roads**

<table>
<thead>
<tr>
<th>Task Force Choice to Make:</th>
<th>Keep but Amend?</th>
<th>Replace with New?</th>
</tr>
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<tbody>
<tr>
<td>Performance Measures</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Off the Top Allocations</td>
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</tr>
<tr>
<td>Transit / Streets &amp; Roads</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

*But... not today*
Next Steps

Rick Ramacier
Chair, State Legislative Committee
California Transit Association
Process From Here

• Task Force adopts final draft framework concept (01-02-20)
• Stakeholder outreach and listening sessions (01-23-20… +?)
• Task Force assimilation of stakeholder feedback
• Task Force revises draft framework concept, *if needed*
• Task Force forwards revised FINAL concept to Association’s State Legislative Committee
• State Legislative Committee reviews (and *possibly* revises) draft FINAL concept and forwards to Association’s Executive Committee
• Executive Committee adopts FINAL concept
• Association transmits FINAL concept report to Legislature
• Bill possibly introduced reflecting FINAL concept report (or… something else?)
Questions? Comments?

Rick Ramacier
Chair, State Legislative Committee
California Transit Association
Draft TDA Reform Framework

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  ▪ i.e. Converts agency’s farebox recovery ratio “requirement” to a target

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How to Ask Questions or Submit Comments

• Submit your questions or comments anytime during the program using the Questions module in your webinar control panel at the right of your screen.

• We will collect all questions and get to as many as time permits during the Q&A portion of the program.

• We will also collect all comments, which will be considered at a later date.
Draft TDA Reform Framework

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Questions? Comments?

• Email Association –

info@Caltransit.org
Reforming the Transportation Development Act (TDA): A Draft Framework

Thursday, January 23, 2020

TDA Reform Task Force
California Transit Association