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TRANSPORTATION COMMITTEE AGENDA

Friday, September 7, 2007
9 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- **EFFECTS OF 2007-2008 STATE BUDGET ON
PUBLIC TRANSIT IN THE SAN DIEGO REGION**

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MISSION STATEMENT

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transit, and provides information on a broad range of topics pertinent to the region's quality of life.

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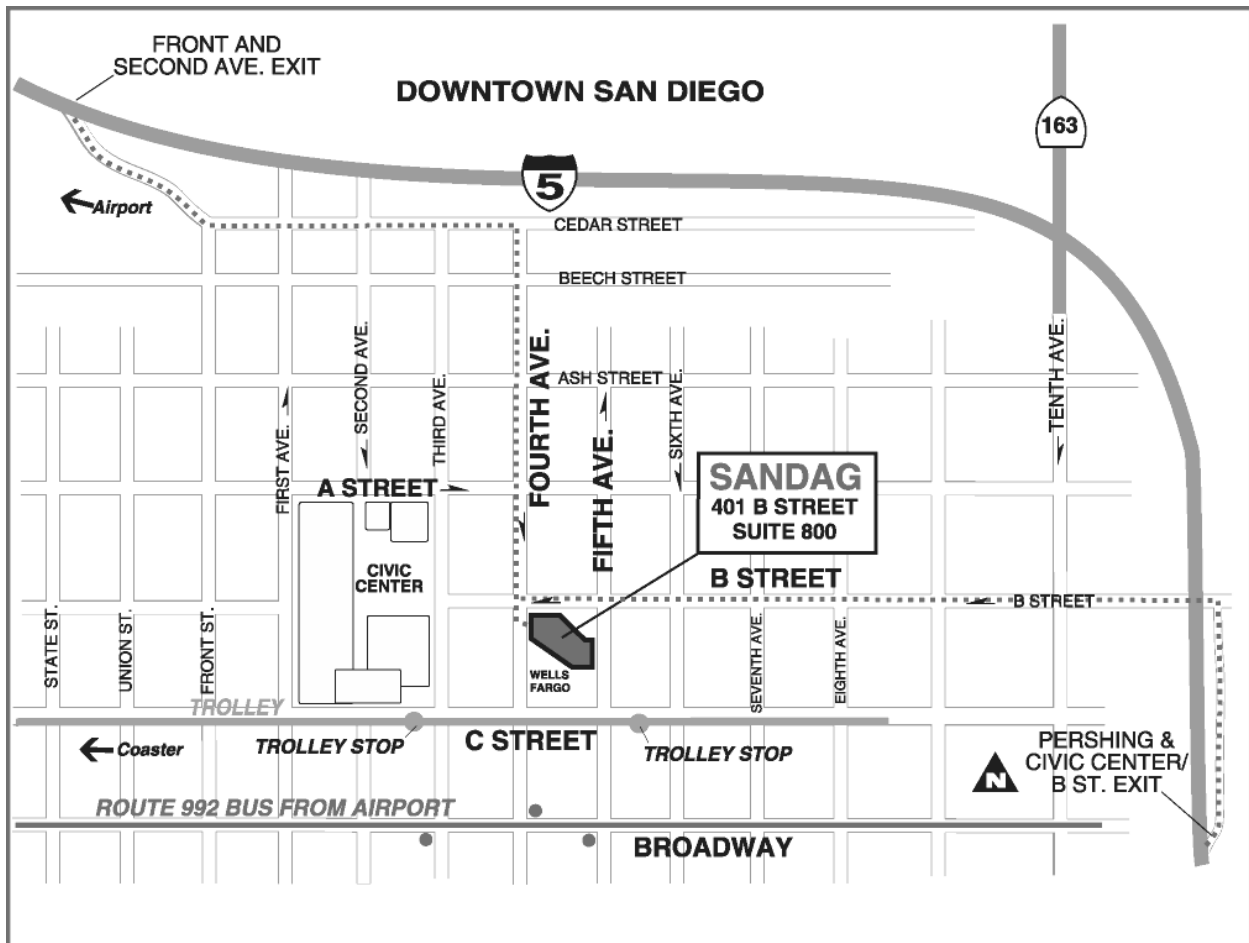


Welcome to SANDAG. Members of the public may speak to the Transportation Committee on any item at the time the Committee is considering the item. Please complete a Speaker's Slip, which is located in the rear of the room, and then present the slip to Committee staff. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Transportation Committee may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under meetings on SANDAG's Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the Transportation Committee meeting.

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TRANSPORTATION COMMITTEE

Friday, September 7, 2007

ITEM

RECOMMENDATION

1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public will have the opportunity to address the Transportation Committee on any issue within the jurisdiction of the Committee. Speakers are limited to three minutes each and shall reserve time by completing a "Request to Speak" form and giving it to the Clerk prior to speaking. Committee members also may provide information and announcements under this agenda item.

REPORT (2)

+2. EFFECTS OF 2007-2008 STATE BUDGET ON PUBLIC TRANSIT IN THE SAN DIEGO REGION (Renée Wasmund and Dan Levy, SANDAG; Paul Jablonski, MTS; Richard Hannasch, NCTD)

INFORMATION/
DISCUSSION

SANDAG staff will provide an overview of the key transportation-related items in the 2007-2008 State Budget. SANDAG, North County Transit District, and Metropolitan Transit System staffs will describe the effects on transit in the San Diego region, including impacts to FY 2008 transit agency operating budgets and short- and long-term proposals to address the budget shortfalls. In addition, SANDAG staff will provide an update on the Comprehensive Transit Fare Structure and Revenue Sharing Study that is currently underway. The presentation will provide an overview of the proposed process and schedule leading to the implementation of fare increases to meet short-term needs as well as the steps to implement the findings of the Comprehensive Study.

3. UPCOMING MEETINGS

INFORMATION

The next Transportation Committee meeting is scheduled for Thursday, September 20, 2007, at 12:30 p.m. at North County Transit District offices. The next regularly scheduled meeting of the Transportation Committee is on Friday, September 21, 2007, at 9 a.m.

4. ADJOURNMENT

+ next to an agenda item indicates an attachment

TRANSPORTATION COMMITTEE

September 7, 2007

AGENDA ITEM NO.: **2**

Action Requested: INFORMATION/DISCUSSION

EFFECTS OF 2007-2008 STATE BUDGET ON PUBLIC TRANSIT
IN THE SAN DIEGO REGION

File Number 7000900

Introduction

At the September 7, 2007, Transportation Committee meeting, SANDAG staff will provide an overview of the key transportation-related items in the 2007-2008 State Budget. SANDAG, North County Transit District, and Metropolitan Transit System staffs will describe the effects on transit in the San Diego region, including impacts to FY 2008 transit agency operating budgets and short- and long term proposals to address the budget shortfalls. In addition, SANDAG staff will provide an update on the Comprehensive Transit Fare Structure and Revenue Sharing Study that is currently underway. The presentation will provide an overview of the proposed process and schedule leading to the implementation of fare increases to meet short-term needs as well as the steps to implement the findings of the Comprehensive Study.

On August 24, 2007, the Governor signed into law the 2007-2008 State Budget, a \$145 billion spending plan for the fiscal year that began July 1, 2007. Discussed below are the key transportation provisions of the budget act.

Discussion

Public Transportation Account

The enacted State Budget significantly diverts Public Transportation Account (PTA) revenues, including \$827 million of the "spillover"¹ sales tax on gasoline, to support General Fund programs. In 2007-2008, \$1.26 billion of PTA revenues will be used to offset the following expenditures:

- \$83 million for repayment of prior debt owed by the General Fund to the Traffic Congestion Relief Fund (TCRF) in accordance with Proposition 1A (2006)
- \$948 million to reimburse the General Fund for 2007-2008 and prior years' debt service for transportation-related general obligation bonds
- \$129 million for Regional Center Transportation Program costs
- \$99 million for Home-to-School Transportation

¹ Spillover revenues occur when revenue derived from gasoline sales taxes is proportionately higher than revenue derived from all taxable sales pursuant to a statutory formula, and generally reflect higher gas prices.

Senate Bill (SB) 79, one of the budget trailer bills, also would continue to direct a portion of the “spillover” revenues in 2008-2009 and future budget years to continue to support the General Fund. Half of future spillover dollars would be used to support General Fund-related programs, and the remaining half would continue to flow to the PTA. However, of the amount going to the PTA in any given year, two-thirds would flow to the State Transit Assistance (STA) program and one-third would flow to support transit capital expenditures from the PTA. (The current PTA funding split is one-half STA and one-half transit capital.)

State Transit Assistance Program

The State Transit Assistance Program provides state funding for eligible public transportation expenditures, including both capital and operating expenses. The 2007-2008 Budget passed by the Legislature included \$416 million in STA funding. However, the Governor vetoed \$100 million from the STA Program, among other line-item budget vetoes. Thus, the final STA funding in 2007-2008 is estimated to be \$316 million statewide. Of this amount, NCTD is expected to receive approximately \$4.5 million, and MTS is expected to receive approximately \$15 million. The estimated 2007-2008 STA funding is approximately half the amount that each agency received last year; in 2006-2007, NCTD and MTS received approximately \$8.9 million and \$29 million, respectively in STA funding. The transit agencies will present detailed information on the budget impacts of these changes at the Transportation Committee meeting.

The \$100 million in STA funding vetoed by the Governor will be available in the PTA for 2007-2008 allocations by the California Transportation Commission (CTC) to transit capital projects programmed in the State Transportation Improvement Program (STIP).

Proposition 42

Proposition 42 remains fully funded in the 2007-2008 State Budget. The Proposition 42 transfer of \$1.48 billion of gasoline sales tax revenues to the Transportation Investment Fund (TIF), plus the \$83 million prior year loan repayment the TCRF, would yield a total of \$1.56 billion in 2007-2008. This amount would be distributed as follows:

- \$684 million to the Traffic Congestion Relief Program (TCRP)
- \$699 million to the STIP
- \$175 million to the PTA

Note that 2007-08 is the last year that the TCRP will receive Proposition 42 transfers other than prior year loan repayments authorized by Proposition 1A. Beginning in the 2008-2009 budget year, Proposition 42 funds will be transferred to the TIF and then distributed based on the statutory formula of 40 percent for STIP projects, 40 percent for subventions to cities and counties for local streets and roads, and 20 percent to the PTA (with one-half of this amount for STIP transit projects and one-half for the STA program).

State Transportation Improvement Program

The CTC is scheduled to meet on September 5, 2007, to release approximately \$950 million of cash for votes already taken to support transit capital projects in the STIP. All transit capital projects

currently programmed in the STIP slated to receive funding in 2007-2008 are expected to receive their budget year allocations. SANDAG has requested allocations for the Interstate 15 Bus Rapid Transit and Del Mar Bluffs Stabilization projects that could be approved as early as the September 5 CTC meeting. An additional allocation will be requested for the Santa Margarita River Bridge early this fall, and Sorrento to Miramar Double Track Alignment also is programmed for allocation in 2007-2008. NCTD has STIP funds programmed in the current fiscal year to fund the Signal and Communications System Upgrade and the Solana Beach Parking Structure.

Proposition 1B Implementation

The budget package, including the passage of several “trailer bills,” implemented several policy changes and made further appropriations and/or cuts to the Budget Act. SB 88, the transportation bond trailer bill, included provisions to appropriate \$4.21 billion to implement the Proposition 1B programs shown below in Table 1 below. This appropriations amount includes funding for related Caltrans costs to implement and administer the various Proposition 1B programs.

While several of the Proposition 1B program received appropriations in 2007-2008, the Trade Corridors Improvement Fund (TCIF) and the State-Local Partnership Program (SLPP) were not funded in this budget year. Several legislative proposals to further define the objectives and prioritization process for these two programs are pending before the State Senate and Assembly.

The budget trailer bills provide statutory guidance for Proposition 1B programs for 2007-2008 only. Implementation guidelines (e.g., program objectives, criteria, distribution formulas, etc.) for many of the bond programs are expected to be revisited over the next year, either through pending legislation or during next year’s budget process.

**Table1
Proposition 1B Funding in 2007-2008 Budget
(in \$millions)**

Corridor Mobility Improvement Account (CMIA)	\$ 608
State Transportation Improvement Program (STIP) Augmentation	727
Public Transportation Modernization Improvement and Service Enhancement Account	600
Intercity Rail	188
Local Streets and Roads	950
State Highway Operation and Protection Program (SHOPP)	403
Transit System Safety, Security and Disaster Response Account	101
Port, Harbor, and Ferry Terminal Security	41
Trade Corridor Emissions Reductions	250
Grade Separations	123
Highway 99	14
Local Seismic	14
School Bus Retrofit	193
Total	\$ 4,212

Other Transportation Programs

California High-Speed Rail Authority – The Budget provides \$20 million for the California High-Speed Rail Authority to continue development of the high-speed rail proposals in certain statewide corridors. This is significantly lower than the \$103 million sought by the Authority to keep all of its planned right-of-way purchases and engineering work on schedule, but much higher than the \$5.2 million in funding provided in the Governor’s May Revise.

State Highway Operation and Protection Program – The Budget provides \$2.5 billion to fund projects in the State Highway Operation and Protection Program (SHOPP) that reduce collisions and hazards to motorists, preserve and rehabilitate bridges and roadways, enhance and protect roadsides, and improve the operation of the state highway system. This is an increase of \$189 million over the 2006-2007 program funding level.

Local Streets and Roads – The Budget allocates \$2.1 billion for local streets and roads maintenance, including \$950 million from bonds authorized by Proposition 1B. This is an increase of \$533 million (34 percent) over the 2006-2007 funding level. The League of California Cities is working on clean-up legislation to clarify the bond fund allocation process and to ensure that \$550 million would go to cities and \$400 million to counties. These amounts are consistent with the budget requests of both the League and the California State Association of Counties (CSAC). A \$550 million allocation to cities would guarantee that each city receives a minimum of \$400,000 or one-half of their total bond funds, whichever is greater, in 2007-2008.

KIM KAWADA
Policy and Legislative Affairs Program Manager

Key Staff Contact: Victoria Stackwick, (619) 699-6926, vst@sandag.org



2007-08 State Budget Impact on Public Transportation



2007-08 State Budget

- Signed by Governor on August 24, 2007
- Diversion of \$1.26 billion of transportation funding to General Fund programs
- Affects both transit operating and capital budgets



“Spillover” Account

- \$827M of \$1.26B was redirected from the “Spillover”
- Occurs when revenue from 4.75% sales tax on gasoline is higher than revenue from 0.25% sales tax on all goods
- Supposed to be paid into Public Transportation Account for public transportation purposes
- Frequently diverted to General Fund programs

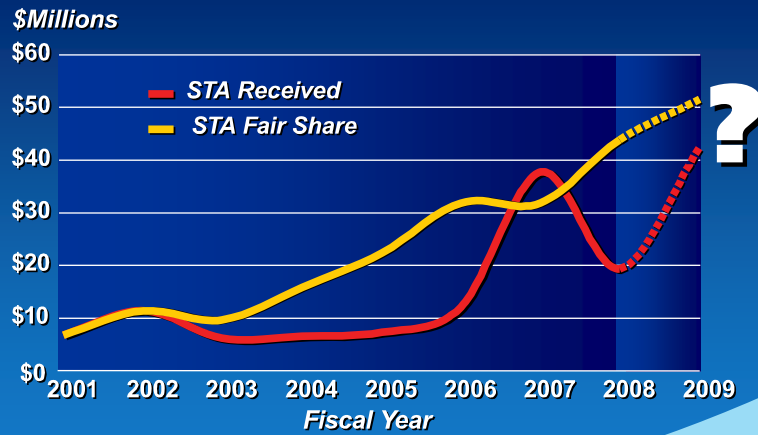


State Transit Assistance (STA) Fund

- STA derived from two sources:
 - Spillover account
 - Portion of the sales tax on gasoline
- Distributed by two formulas:
 - Percentage of transit fares generated
 - Percentage of population
- For both operating and capital expenses



STA Revenue: Received vs. Fair Share



SANDAG

STA Budget Saga

\$416M Approved statewide STA budget

\$316M Final statewide STA budget

SANDAG

Where did the \$100 million go?

- Fulfill obligation of PTA-funded projects within the STIP
- Allows FY 2008 STIP allocations for:
 - I-15 BRT, Del Mar Bluffs, Sorrento Miramar Double Track, Oceanside Double Track (approved 9/5/07)
 - Santa Margarita River Bridge (11/07) and Solana Beach Parking Structure (6/08)
- Bad news – Reduced transit subsidy



Bottom Line 2007 vs. 2008 STA (in millions)

	FY 07	FY 08	Decrease
NCTD	\$ 8.9	\$ 4.5	(\$ 4.4)
MTS	\$29.0	\$15.0	(\$14.0)



Metropolitan Transit System FY 2008 Budget Development

SANDAG Transportation Committee
September 7, 2007



Fiscal Year 2008 Budget Recap

- Subsidy revenue projections provided by SANDAG in January
 - \$3.7M (2.8%) increase in subsidy revenue
 - Projected \$4.0M FY08 operating shortfall
- Presented a balanced budget to MTS Board in April
- Mid-May SANDAG updated subsidy projections

	<u>Orig. Projection</u>	<u>May Revision</u>	<u>Variance</u>
FY07 Transnet	\$ 17.3	\$ 16.3	\$ (1.1)
FY08 TDA	\$ 82.4	\$ 75.7	\$ (6.6)
FY08 Transnet	20.0	18.5	(1.5)
FY08 Subtotal	\$ 102.4	\$ 94.3	\$ (8.1)
Grand Total	<u>\$ 119.7</u>	<u>\$ 110.5</u>	<u>\$ (9.2)</u>

- FY08 Subsidy Decreased by 0.8% Compared to FY07 Levels
- FY09 Growth less than 3% (Projected Shortfall \$10M - \$12M)



Fiscal Year 2008 Budget Recap

- June:
 - 1. Board approved short-term solution to balance FY07 FY08 operating budgets with non-recurring revenues:
 - \$1.0M additional in STA May budget revise
 - \$3.5M in FY07 budgetary savings
 - \$5.3M CNG fuel credits available
 - 2. Board directed staff to meet with the Budget Development Committee (BDC) to develop long-term solutions (recurring revs = recurring exps)



BDC Meetings - July 2007

- Staff reviewed all aspects of the operating budget
 - Five Categories
 - Non-Fare Revenue Adjustments
 - Non-Service Expense Adjustments
 - Personnel Benefit Adjustments
 - Fare Adjustments
 - Service Reductions
- Presentation of staff's analysis to BDC (July 9 and July 23)
 - Balance FY08 Operating Budget with recurring revenues
 - Future operating budgets balanced with recurring revenues
 - BDC formulated a recommendation, presented to EC (Aug 9)
- Presented to MTS Board and approved (August 16)



Summary Analysis of Budget Adjustments

	FY08	FY09	FY10	FY11	FY12
Non-Fare Revenue Adjustments	\$ 2,276	\$ 3,272	\$ 3,272	\$ 2,960	\$ 2,960
Non-Service Cost Adjustments	583	636	636	636	636
Personnel Benefit Adjustments	571	826	826	826	826
Passenger Fare Adjustments	1,375	3,707	4,848	5,142	5,437
Service Reductions	885	1,880	1,880	1,880	1,880
Total BDC Recommendations	\$ 5,689	\$10,321	\$11,462	\$11,444	\$11,739
Total Projected Need	8,100	11,000	11,000	11,000	11,000
Total Over/(Under)	\$ (2,411)	\$ (679)	\$ 462	\$ 444	\$ 739



Non-Fare Revenue Adjustments

	FY08	FY09	FY10	FY11	FY12
May Revised STA (State budget)	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004
Advertising Revenue:					
MCS Bus Advertising	\$ 375	\$ 750	\$ 750	\$ 438	\$ 438
Trolley Wrap Advertising	300	600	600	600	600
Trolley Interior Advertising	48	96	96	96	96
Bayside Kiosk Advertising	21	42	42	42	42
Pole Banner Advertising	13	53	53	53	53
Web Advertising	9	18	18	18	18
Total Advertising:	\$ 766	\$ 1,559	\$ 1,559	\$ 1,247	\$ 1,247



Non-Fare Revenue Adjustments (continued)

	FY08	FY09	FY10	FY11	FY12
May Revise STA (State budget)	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004
Advertising Revenue:	766	1,559	1,559	1,247	1,247
Other Revenue					
Real Estate	172	251	251	251	251
Casino Bus Right-of-Entry Permits	125	250	250	250	250
Operations Planning	150	150	150	150	150
Concessionaire Revenue	58	58	58	58	58
Total Other Revenue	\$ 505	\$ 709	\$ 709	\$ 709	\$ 709
Grand Total Non-Fare Revenue:	\$ 2,276	\$ 3,272	\$ 3,272	\$ 2,960	\$ 2,960



Non-Service Cost Adjustments

	FY08	FY09	FY10	FY11	FY12
Transit Services	\$ 287	\$ 340	\$ 340	\$ 340	\$ 340
Multimodal Operations	100	100	100	100	100
Rail Operations	196	196	196	196	196
Grand Total Non-Service Cost:	\$ 583	\$ 636	\$ 636	\$ 636	\$ 636



Non-Service Cost Adjustments (continued)

	FY08	FY09	FY 10	FY 11	FY 12
Transit Services					
Personnel	159	212	212	212	212
Outside Services	38	38	38	38	38
Materials	50	50	50	50	50
Engines / Transmissions	40	40	40	40	40
Total Transit Services	\$ 287	\$ 340	\$ 340	\$ 340	\$ 340
Multimodal Operations	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Rail Operations					
Outside Services	93	93	93	93	93
Materials	78	78	78	78	78
Utilities/Lubricants/G&A	25	25	25	25	25
Total Rail Operations	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196
Grand Total Non-Service Cost:	\$ 583	\$ 636	\$ 636	\$ 636	\$ 636



Personnel Benefit Adjustments

	FY08	FY09	FY 10	FY 11	FY 12
Management Benefit Policy Adjustments	\$ 188	\$ 376	\$ 376	\$ 376	\$ 376
Performance Incentive Program					
FY07 PIP Paid in FY08	\$ 100	\$ -	\$ -	\$ -	\$ -
Future PIP Programs	-	450	450	450	450
Total Performance Incentive Program	\$ 100	\$ 450	\$ 450	\$ 450	\$ 450

* The FY07 PIP was based upon budget savings and COA results. The expected payout for the FY07 PIP is \$450K. Staff recommends reducing the payout to \$350K.

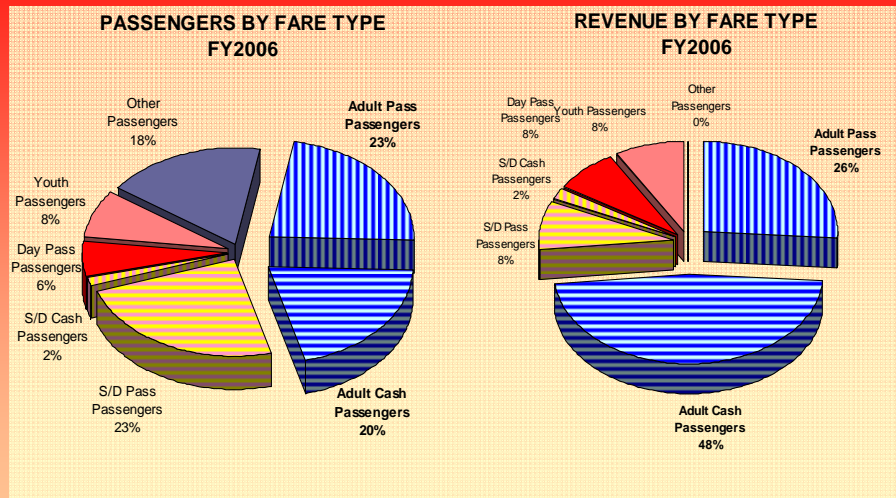


Personnel Benefit Adjustments (continued)

	FY08	FY09	FY10	FY11	FY12
Benefit Policy Adjustments	\$ 188	\$ 376	\$ 376	\$ 376	\$ 376
Performance Incentive Program	\$ 100	\$ 450	\$ 450	\$ 450	\$ 450
New Positions Frozen (Until April 2008)					
Marketing Intern (1.0 FTE)	\$ 18	\$ -	\$ -	\$ -	\$ -
Ride Checker (0.5 FTE)	9	-	-	-	-
Transportation Technician (1.0 FTE)	37	-	-	-	-
Procurement Specialists (2.0 FTE)	121	-	-	-	-
Customer Service Clerk (1.0 FTE)	36	-	-	-	-
Track Servicepersons (2.0 FTE)	61	-	-	-	-
Total New Positions Frozen	\$ 283	\$ -	\$ -	\$ -	\$ -
Grand Total Personnel Benefits:	\$ 571	\$ 826	\$ 826	\$ 826	\$ 826



MTS Passenger / Revenue Analysis



Fare Adjustments

	FY08	FY09	FY10	FY11	FY12
Cash Fares					
\$1.75 Local Adult to \$2.00	\$ 55	\$ 111	\$ -	\$ -	\$ -
Unify Adult Fare to \$2.25	-	198	395	395	395
Eliminate Transfers - \$5 Day Pass	474	948	948	948	948
Total Cash Fares	\$ 529	\$ 1,256	\$ 1,343	\$ 1,343	\$ 1,343

* Current cash fares: local \$1.75; urban \$2.25; express \$2.50; average \$2.11

** Includes moving premium express cash to \$5.00 in FY08



Fare Adjustments (continued)

	FY08	FY09	FY10	FY11	FY12
Pass Fares - Adult					
Unify Adult Pass to \$64 (Prem \$90)	\$ 349	\$ 349	\$ -	\$ -	\$ -
S&D Pass to \$16 (25% of \$64)	187	187	-	-	-
Youth Pass to \$32 (50% of \$64)	181	181	-	-	-
Unify Adult Pass to \$68 (Prem \$90)	-	748	1,496	1,496	1,496
S&D Pass to \$17 (25% of \$68)	-	373	747	747	747
Youth Pass to \$34 (50% of \$68)	-	355	711	711	711
Total Pass Fares - Adult	\$ 718	\$ 2,194	\$ 2,953	\$ 2,953	\$ 2,953
Pass Fares - S&D					
* Incr. S&D Eligibility to 65 (Incr. age one year each year)	\$ -	\$ -	\$ 295	\$ 589	\$ 884
Total Pass Fares - S&D	\$ -	\$ -	\$ 295	\$ 589	\$ 884

* Under TNet II, the eligibility age for senior pass is 60. Adjusting requires TNET II amendment.



**Senior Fares & Age Eligibilities
Larger California (Peer) Properties
July 2007**

Property	Age	Senior	
		Cash Rate	Pass Rate
AC Transit (Oakland)	65	\$0.85	\$20
Los Angeles MTA	65	\$0.55	\$14
OCTA	65	\$0.50	\$15
Sacramento RTD	62	\$1.00	\$42.50
SF Muni	65	\$0.50	\$10
Santa Clara VTA	65	\$0.75	\$26
San Diego MTS	60	\$1.00	\$15



Fare Adjustments (continued)

	Current Discount	Current Cost *	Proposed Discount	Proposed Cost *
College Monthly Pass	25%	\$ 45.00	20%	\$ 48.00
College Semester Pass	35%	\$136.54	30%	\$147.00
Universal Token	9%	\$ 2.05	0%	\$ 2.25
Social Svc Day Tripper	16%	\$ 4.18	0%	\$ 5.00
Eco Pass	31%	\$ 44.40	25%	\$ 48.00
Convention	23%	\$ 11.51	0%	\$ 15.00
	FY08	FY09	FY10	FY11
Other Discounted Pass Fares				
College Monthly Pass	\$ 21	\$ 42	\$ 42	\$ 42
College Semester Pass	48	96	96	96
Universal Token	35	69	69	69
Social Svc Day Tripper	6	11	11	11
Eco Pass	16	32	32	32
Convention	3	6	6	6
Total Other Discounted Pass Fares	\$ 128	\$ 257	\$ 257	\$ 257

* All current costs are based on current fare structure. Proposed costs are based upon the FY08/FY09 proposed fare structure.



Fare Adjustments (continued)

	FY08	FY09	FY10	FY11	FY12
Cash Fares	\$ 529	\$ 1,256	\$ 1,343	\$ 1,343	\$ 1,343
Total Pass Fares - Adult	718	2,194	2,953	2,953	2,953
S&D Age to 65	-	-	295	589	884
Other Discounted Fares	128	257	257	257	257
Grand Total Fare Adjustments	\$ 1,375	\$ 3,707	\$ 4,848	\$ 5,142	\$ 5,437



Recap of Proposed Fare Changes

Cash

- 1 Increase \$1.75 Adult Cash local fare to \$2.00 effective January 1, 2008
- 2 Increase \$4.00 Premium Express fare to \$5.00 effective January 1, 2008
- 3 Unify All Adult Cash non premium fares to \$2.25 effective January 1, 2009
- 4 Eliminate Transfers on MTS system (move people to day passes) effective January 1, 2008



Recap of Proposed Fare Changes (continued)

Passes

- 1 Increase/Unify standard pass to \$64/Month
effective January 1, 2008
- 2 Increase Premium Express pass to \$90/Month
effective January 1, 2008
- 3 Increase Senior & Disabled pass to \$16/Month
effective January 1, 2008
- 4 Increase Youth pass to \$32/Month
effective January 1, 2008



Recap of Proposed Fare Changes (continued)

Passes (continued)

- 5 Increase Standard pass to \$68/Month
effective January 1, 2009
- 6 Increase Senior & Disabled pass to \$17/Month
effective January 1, 2009
- 7 Increase Youth pass to \$34/Month
effective January 1, 2009
- 8 Reduce Discounts on various other pass fares
effective January 1, 2008



Future Proposed Action

Senior Age Eligibility

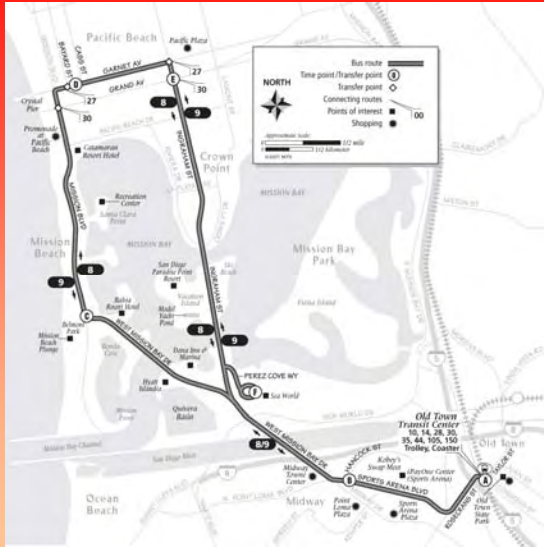
1. Increase senior eligibility to 65 years old over a five year period
 - Proposal: To be effective July 1, 2009
 - Requires TransNet II amendment by 2/3 vote of SANDAG Board



Service Reductions

	FY08	FY09	FY10	FY11	FY12
Transit Services	\$ 178	\$ 326	\$ 326	\$ 326	\$ 326
Rail Operations	32	77	77	77	77
Contracted Operations	418	859	859	859	859
Removal of FY08 Increases	257	618	618	618	618
Grand Total Service Reductions	\$ 885	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880





Route 8/9

Reduce to 20-30 minute service at night

- 58 Daily Passengers Affected
- \$124,952** Annual Subsidy
- \$7.23** Subsidy per Passenger
- 8.7 Passengers per Hour
- 11% Farebox Recovery Rate

Fixed-Route System Averages:

- \$1.69** Subsidy per Passenger
- 27.96** Passengers per Hour
- 34%** Farebox Recovery Rate



Route 701

Reduce Sunday service to 60-minute frequencies

- 20 Daily Passengers Affected
- \$58,321** Annual Subsidy
- \$53.02** Subsidy per Passenger
- 1.0 Passengers per Hour
- 2% Farebox Recovery Rate

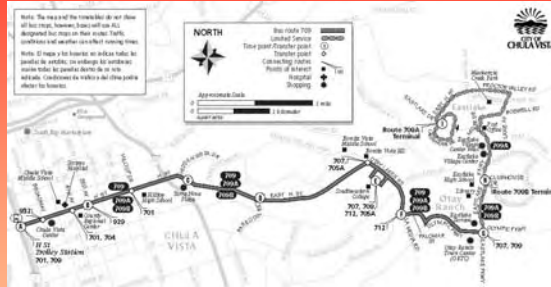
Fixed-Route System Averages:

- \$1.69** Subsidy per Passenger
- 27.96** Passengers per Hour
- 34%** Farebox Recovery Rate



Route 709

Reduce Sunday service to 60-minute frequencies



20 Daily Passengers Affected

\$66,265 Annual Subsidy

\$60.24 Subsidy per Passenger

0.9 Passengers per Hour

1% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger

27.96 Passengers per Hour

34% Farebox Recovery Rate



Route 712

Reduce Sunday service to 60-minute frequencies



20 Daily Passengers Affected

\$53,915 Annual Subsidy

\$49.01 Subsidy per Passenger

1.0 Passengers per Hour

2% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger

27.96 Passengers per Hour

34% Farebox Recovery Rate



Route 28

Replace segments to Cabrillo National Monument and Sub Base with minibus service

- 125 Daily Passengers Affected
- \$152,800** Annual Subsidy
- \$4.78** Subsidy per Passenger
- 23.0 Passengers per Hour
- 15% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger

27.96 Passengers per Hour

34% Farebox Recovery Rate

Route 31

Reduce to peak-hour only

- 228 Daily Passengers Affected
- \$224,579** Annual Subsidy
- \$3.86** Subsidy per Passenger
- 14.9 Passengers per Hour
- 18% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger

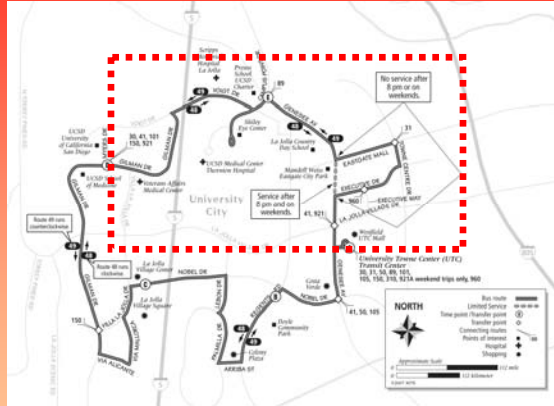
27.96 Passengers per Hour

34% Farebox Recovery Rate



Route 48/49

Discontinue northern portion of route
(between UCSD - UTC) after 7pm



7 Daily Passengers Affected
\$64,077 Annual Subsidy
\$28.80 Subsidy per Passenger
 1.8 Passengers per Hour
 3% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate



Route 89

Cut one bus. Review/revise
APCD allocations



55 Daily Passengers Affected
\$30,587 Annual Subsidy
\$2.18 Subsidy per Passenger
 13.6 Passengers per Hour
 26% Farebox Recovery Rate

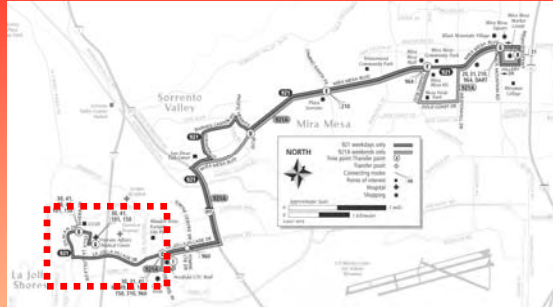
Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate



Route 921

Discontinue segment between VA Medical Center and UTC



94 Daily Passengers Affected
\$55,714 Annual Subsidy
\$2.32 Subsidy per Passenger
 7.5 Passengers per Hour
 27% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate



DART

Discontinue Rancho Bernardo and Scripps Ranch DART services



38 Daily Passengers Affected
\$107,242 Annual Subsidy
\$11.18 Subsidy per Passenger
 3.1 Passengers per Hour
 12% Farebox Recovery Rate

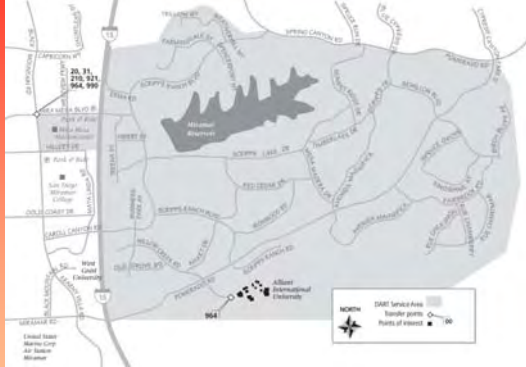
Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate



DART

Discontinue Rancho Bernardo and Scripps Ranch DART services



38 Daily Passengers Affected
\$107,242 Annual Subsidy
\$11.18 Subsidy per Passenger
3.1 Passengers per Hour
12% Farebox Recovery Rate

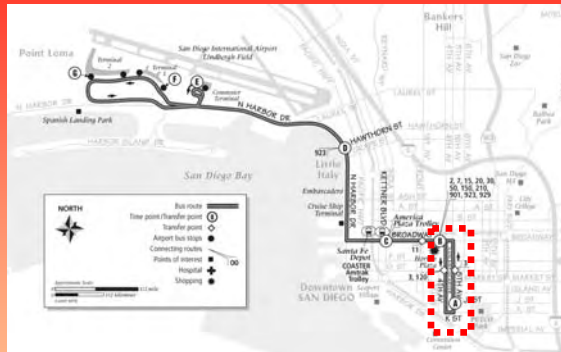
Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate



Route 992

Terminate eastern end at 3rd Avenue



25 Daily Passengers Affected
\$149,719 Annual Subsidy
\$17.18 Subsidy per Passenger
1.4 Passengers per Hour
5% Farebox Recovery Rate

Fixed-Route System Averages:

\$1.69 Subsidy per Passenger
27.96 Passengers per Hour
34% Farebox Recovery Rate





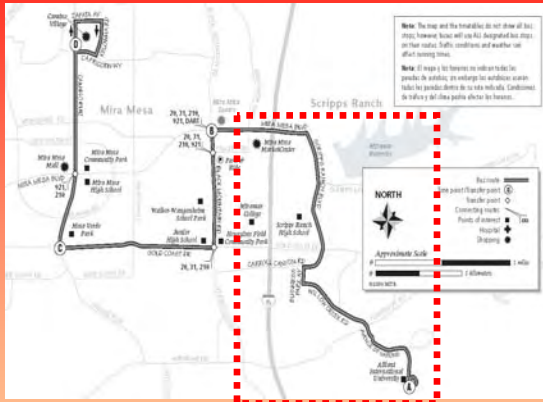
Green Line

Discontinue last two round trips from Old Town to SDSU

- 40 Daily Passengers Affected
- \$77,033** Annual Subsidy
- \$5.28** Subsidy per Passenger
- 20.0 Passengers per Hour
- 14% Farebox Recovery Rate

Trolley System Averages:

- \$0.66** Subsidy per Passenger
- 81.97** Passengers per Hour
- 54%** Farebox Recovery Rate



Route 964

Cut one bus. Significantly reduce or discontinue service on eastern end of route

- 166 Daily Passengers Affected
- \$66,190** Annual Subsidy
- \$1.56** Subsidy per Passenger
- 16.6 Passengers per Hour
- 35% Farebox Recovery Rate

Fixed-Route System Averages:

- \$1.69** Subsidy per Passenger
- 27.96** Passengers per Hour
- 34%** Farebox Recovery Rate



Summary Analysis of Budget Adjustments

	FY08	FY09	FY10	FY11	FY12
Non-Fare Revenue Adjustments	\$ 2,276	\$ 3,272	\$ 3,272	\$ 2,960	\$ 2,960
Non-Service Cost Adjustments	583	636	636	636	636
Personnel Benefit Adjustments	571	826	826	826	826
Passenger Fare Adjustments	1,375	3,707	4,848	5,142	5,437
Service Reductions	885	1,880	1,880	1,880	1,880
Total BDC Recommendations	\$ 5,689	\$10,321	\$11,462	\$11,444	\$11,739
Total Projected Need	8,100	11,000	11,000	11,000	11,000
Total Over/(Under)	\$ (2,411)	\$ (679)	\$ 462	\$ 444	\$ 739
Non-recurring funding usage:	\$ 2,411	-	-	-	-



Metropolitan Transit System FY 2008 Budget Development

SANDAG Transportation Committee
September 7, 2007





Update on Transit Fares

Transportation Committee

September 7, 2007

Background

- **SANDAG is responsible for maintaining a regionwide fare policy and fare structure for all transit services**
- **SANDAG Board Policy No. 029 and the Regional Comprehensive Fare Ordinance establish the policy and fare levels**



Comprehensive Transit Fare Structure and Revenue Sharing Study

■ Study Objectives

- Simplify fare structure for passengers and operators
- Develop fares utilizing capabilities of Compass Card
- Revenue neutral or better (increase)
- Develop new revenue sharing in later phase

■ First draft of fare recommendations received September 5

3



Comprehensive Transit Fare Structure

- Recommendations will cover all services operated by MTS and NCTD
- Unify fares across region
- Take advantage of Compass Card capabilities and provide incentives for use

4



Title VI & Limited English Proficiency (LEP)

- **Federal rules require SANDAG to prepare Title VI analysis for fare changes**
- **New Federal requirement for LEP Plan for fare change implementation**
- **Goal is to have both completed prior to public hearings in September and October**

5



Financial Impact

- **The proposed fare structure to meet or exceed short-term revenue needs for transit operations**
- **Fare structure designed to minimize short-term loss of ridership**

6



Next Steps – Short Term Fare Changes

- | | |
|------------------|---|
| Sept. 14 | SANDAG completes Title VI & LEP Plan |
| Sept. 20 | TC Public Hearing at NCTD |
| Oct. 5 | TC Public Hearing at SANDAG |
| Oct. 5 | TC First Reading of Fare Ordinance |
| Oct. 19 | TC Second Reading & Approval of Fare Ordinance changes |
| Dec. 2007 | Implementation of SPRINTER changes |
| Jan. 2008 | Implementation of MTS changes |

7



Next Steps – Comprehensive Fare & Revenue Study

- | | |
|------------------------------|--|
| Fall/
Winter 2007 | Finalize fare recommendations and review with policy boards |
| Spring
2008 | Review revenue sharing with operators |
| Summer
2008 | Hold public hearings and review Fare Ordinance changes |
| | Implement changes no later than January 1, 2009 |

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Update on Transit Fares

Transportation Committee

September 7, 2007




NCTD Budget SANDAG Transportation Committee September 7, 2007

SPRINTER / COASTER / BREEZE / FAST / LIFT

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FY 2008 Budget Synopsis

- February – TDA, Transnet, STA projections received from SANDAG
- March/April – NCTD staff develops budget with direction from Planning Committee
- Early May – Balanced budget presented to Planning Committee
- Mid May – TDA and TransNet projections updated by SANDAG result in a total budget shortfall of over \$4.1M for NCTD
- June – NCTD Board adopts budget with original funding estimates but recognizes a budget amendment is necessary after the state budget is finalized
- August – State budget is signed. STA funding for NCTD increases \$1.8M from original estimates but is \$4.4M less than FY 2007 and is not sufficient to cover the FY 2008 shortfall of \$4.1M.
- September – NCTD Planning Committee is presented with and recommends approval of 2008 Budget Amendment

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Analysis of Revised FY 2008 Revenues

	Original Revenue		
	Estimate	Final Projections	Variance
FY 2008 TDA	\$ 35,589,000	\$ 32,904,000	\$ (2,685,000)
FY 2008 TransNet	25,845,000	24,338,000	(1,507,000)
FY 2008 STA	2,639,000	4,470,833	1,831,833
Total	\$ 64,073,000	\$ 61,712,833	\$ (2,360,167)

How to overcome budget deficit?

- Review of original FY 2008 budget
 - Expense review
 - Revenue review
 - Fare increases?
 - New funding sources?
- Other actions
 - Review capital budget

Increase in Non-Discretionary Expenses

- Significant increases over past 4 years while service levels have been essentially constant:
 - Fuel \$2.5M (67%)
 - Purchased transportation \$2M (26%)
 - CalPERS \$1.7M (162%) with no change in CalPERS benefits
 - Casualty and liability insurance \$1M (35%)

Non-Sprinter Expenses Already Reduced

- Non-Sprinter Expenses Reduced by \$1M
 - Decrease of 1.3%
 - San Diego CPI rose 3.4% in 2006
 - Expense reduction is 4.7% in inflation-adjusted terms

NCTD employee benefits are realistically not available for reduction

	NCTD	MTS	SANDAG
CalPERS <small>(employee share paid by all agencies)</small>	2% @ 55	2.7% @ 55	2.7% @ 55
SS/SDI	Yes/Yes	Yes/Yes	No/No
Vacation	1 to 4 years - 10 days/year 5 to 9 years - 15 days/year 10 to 18 years - 20 days/year 19 years plus - 30 days/year	<u>PTO (Paid Time Off)</u> 1 to 3 years - 18 days/year 4 to 10 years - 23 days/year 11 years - 24 days/year 12 years - 25 days/year 13 years - 26 days/year 14 years - 27 days/year 15 years plus - 28 days/year	<u>PTO (Paid Time Off)</u> 1 to 3 years - 18 days/year 4 to 10 years - 23 days/year 11 years plus - 28 days/year
Sick	12 days per year	N/A	N/A
Holidays			
Fixed	6	9	10
Floating	6	4	2
Bonus/Performance Incentives	No	Yes	Yes

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Additional service reductions?

- Dramatic reductions required to achieve the large costs savings necessary to balance the budget:
 - **Eliminate FAST service**
 - Affects ridership of 103,000 passengers
 - Eliminates 21,800 service hours
 - Saves approximately \$1.0M
 - **Eliminate Sunday and holiday service for SPRINTER**
 - Affects ridership of 335,000
 - Saves approximately \$1.1M
 - **Eliminate Sunday and holiday service for BREEZE**
 - Affects ridership of 1,000,000
 - Eliminates 43,200 service hours
 - Saves approximately \$3.0M

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Additional Revenue Sources Identified

- FY08 budget includes new items for:
 - 5311(f) \$309K
 - MAA \$600K
 - Hispanic Outreach \$90K
 - Additional Concession Revenue \$20K
- Pursuing revenue opportunities for:
 - Expanded commercial activities at stations
 - Marketing revenues from soft drink kiosks, message boards, RF ads, etc
 - Solar farms on NCTD rooftops, parking lots, or ROW
 - ROW rental for linear nurseries, etc

Effect of Fare Increases

- History
 - FY 2004
 - Raised BREEZE basic fare and monthly passes; total fare revenue increased \$810K
 - FY 2005
 - Raised BREEZE regional monthly pass fare; total fare revenue increased \$280K
 - Raised all COASTER fares; total fare revenue increased \$530K
 - FY 2006
 - Raised BREEZE Day Pass and all monthly passes; total fare revenue increased \$330K
 - FY 2007
 - Raised BREEZE basic fare and Day Pass; total fare revenue increased \$280K
 - Raised all COASTER fares; total fare revenue increased \$270K
- Ridership growth drops by a higher percentage after each fare increase. We're facing a situation of diminishing returns.

Other Actions

- Reduce Capital
 - The lower TransNet funding estimate will force a reduction in TransNet capital spending of \$1.1M

Budget Amendment Package

- TDA decreased \$2.7M
 - Carryover deferred to future years
- TransNet decreased \$1.5M
 - \$0.4M decrease to operating budget
 - \$1.1M decrease to capital
- STA increased \$1.8M
 - will require a funds swap
- CMAQ accelerated \$3.0M from future years
- 5311(f) increased \$0.1M
- Expenses increased \$0.3M
 - \$0.2M fuel
 - \$0.1M legal fees

5 Year Outlook

- Budget amendment is a short-term fix
- Structural deficits not addressed
 - Budget is balanced using non-recurring revenues
 - CMAQ funding is exhausted in FY 2010
- Need to identify a future revenue source

5 Year Outlook (in \$000's)

	FY 2008 Amended Budget	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected	FY 2012 Projected
REVENUE:					
Passenger fares	18,250	19,598	20,172	20,635	21,110
Auxiliary revenues	7,286	7,432	7,581	7,732	7,887
Non-transportation revenues	1,479	1,508	1,538	1,569	1,600
Operating Revenue	27,015	28,538	29,291	29,936	30,597
Recurring Grant Revenue					
Local grants (TDA and TransNet)	43,076	46,194	47,811	49,484	51,216
State grants	4,631	3,776	3,502	3,626	3,777
Federal grants	20,069	21,130	22,428	23,351	24,261
Total Recurring Grant Revenue	67,775	71,100	73,741	76,461	79,254
Grant revenue used to fund CIP/SPRINTER	(17,175)	(13,269)	(13,485)	(14,484)	(13,881)
TOTAL RECURRING REVENUE FOR OPERATIONS	77,615	86,369	89,546	91,913	95,970
TOTAL OPERATING EXPENSES:	85,615	93,350	97,700	101,951	106,514
OPERATING SURPLUS (DEFICIT) before Non Recurring Revenues	(8,000)	(6,981)	(8,154)	(10,038)	(10,544)
NON RECURRING REVENUES:					
CMAQ	8,000	7,000	1,000	-	-
TDA Carryover					
OPERATING SURPLUS (DEFICIT)	0	19	(7,154)	(10,038)	(10,544)
OTHER FINANCIAL RESOURCES:					
TDA Carryover (total available = \$7.3M)					