File Number 4000101

TRANSIT IMPEDIMENTS STUDY

FINAL REPORT

September 2009

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As of September 3, 2009

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OVERVIEW OF BOARD AND COMMITTEE ACTIONS

Pursuant to the Regional Transportation Plan Settlement Agreement, the Transit Impediment Study was completed and posted on SANDAG's Web site within 12 months of the signed agreement. The following summary includes the SANDAG Board of Directors and committee actions with respect to the Transit Impediments Study, along with the associated public review period.

- **April 24, 2009 – SANDAG Board of Directors Meeting**

  Summary and Actions Taken: Staff delivered the Transit Impediments Study draft report in accordance with the 2030 Regional Transportation Plan (RTP) Environmental Impact Report Settlement Agreement. The Board then accepted the study for public distribution and referred it to the Transportation Committee for review of the alternatives identified in the report.

- **June 19, 2009 – SANDAG Transportation Committee Meeting**

  Summary and Actions Taken: Staff presented an overview of the Transit Impediment Study and requested direction from the Transportation Committee on possible next step actions for the Board's consideration at the June 26, 2009, meeting. The Transportation Committee provided input on the alternatives identified in the study and directed staff to provide those comments and recommendations to the Board of Directors for their consideration at the June 26, 2009, meeting.

- **June 26, 2009 – SANDAG Board of Directors Meeting**

  Summary and Actions Taken: The Board of Directors considered alternatives identified in the Transit Impediments Study for possible implementation in order to increase and maintain service levels and to increase or maintain funding for transit operational expenses. In doing so, the Board directed staff to further study these alternatives as part of the proposed Quality of Life initiative and development of the 2050 RTP. The Directors also encouraged the SANDAG Executive Director to work with Senator Christine Kehoe to pursue district level approaches to future legislative changes.

SECTION 1: INTRODUCTION

In November 2007, the San Diego Association of Governments (SANDAG) Board of Directors certified the Final Environmental Impact Report (FEIR) and approved the 2030 Regional Transportation Plan (RTP). Shortly thereafter, SANDAG and several interested parties entered into a settlement agreement that identified studies to be completed by SANDAG in preparation for the 2050 RTP.

Transit Impediments Study Contents

The study regarding impediments to public transit is one element of the 2030 RTP Settlement Agreement ("Settlement Agreement"). The purpose of the study is to identify and analyze:

i. All known and reasonably foreseeable financial impediments to maintaining long-term transit service levels throughout San Diego County

ii. All known and reasonably foreseeable impediments to maintaining long-term public transit ridership throughout San Diego County

iii. All known and reasonably foreseeable recurring sources (i.e., not one-time sources) that provide, or can provide, funding for operational expenses for public transit throughout San Diego County

Each of these topics is addressed in the final report. The study describes both the financial and ridership factors that inhibit greater use of public transit and includes alternatives considered by the SANDAG Board of Directors after receiving public input. Alternatives were developed through the analysis of both existing and potential funding sources, while ridership alternatives were developed around opportunities stemming from recent survey data and planning activities associated with the SANDAG Coordinated Plan**.**

Background Information

SANDAG provides funding administration and planning for public transit in the San Diego region. It shares public transit planning and decision-making responsibilities with several agencies: the California Department of Transportation, the Metropolitan Transit System (MTS), the North County Transit District (NCTD) and other transit operators. Additionally, SANDAG is responsible for the regional fare policy, while operational planning is managed by the individual transit agencies.

Processing Requirements and Study Review

The draft report was completed and posted on the SANDAG Web site within 12 months after the execution of the Settlement Agreement, signed by all parties on April 30, 2008. Per the Settlement Agreement, the SANDAG Board of Directors considered implementation of the alternatives at a public meeting on June 26, 2009.

Identification of Transit Funding Needs

The determination of transit funding needs for operations and maintenance is an important first step in evaluating the financial impediments to maintaining long-term transit service levels in San Diego County. Significant changes have been made to the region's transit systems in recent years that have resulted in improved system cost-effectiveness and service levels in the urban core areas that have strong transit-supportive land uses. However, these improvements also have added operating and maintenance costs. The 2030 RTP calls for a major investment of $7 billion for the region's existing transit system, representing 42 percent of the $17 billion in funds dedicated to transit projects and services in the 2030 RTP. Much of this increase would be invested in existing bus and rail services in key travel corridors in order to provide 15-minute or better all-day service and to provide ongoing transit capital maintenance and rehabilitation needs.

Although funds are set aside for ongoing transit operations and maintenance, there is not enough money to meet the growing need. The region's voters have approved *TransNet,* a sales tax measure devoted to transportation, which includes funds for maintenance and operations of the existing transit system; however, these funds alone cannot keep pace with demand. Furthermore, state funds normally used for transit operations and maintenance such as the State Transit Assistance (STA) program recently have been diverted to fund other state programs.

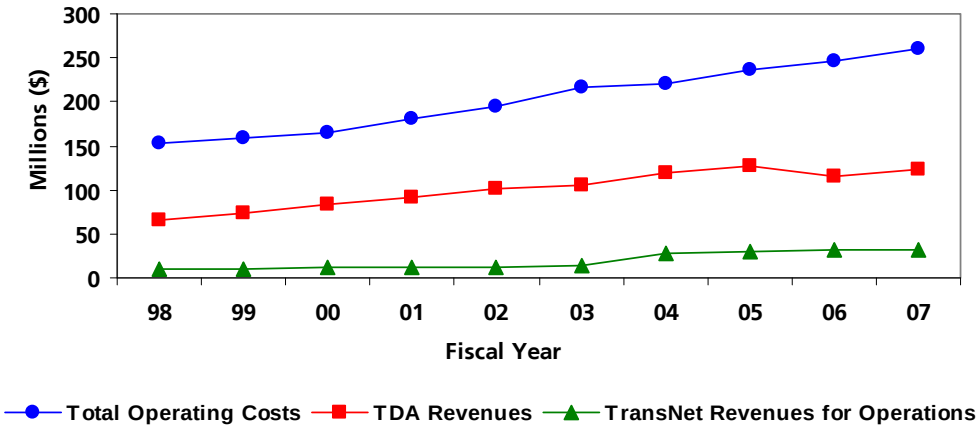
SECTION 2: KNOWN FINANCIAL IMPEDIMENTS

The lack of adequate dedicated and predictable sources of revenue for operations and maintenance is not the only major obstacle to expanding transit ridership; in recent years it has become a significant problem with each annual budget just to maintain *existing* transit operations. Among the dozens of local, state, and federal programs that target funding for various aspects of transportation, most are set aside for capital, many for only highway capital and operations, and only a few provide funding for transit operations. Compounding this problem are the increased costs and declining revenues now facing the transit agencies.

Background

A general overview is provided here of the relationship between transit costs and revenues, while a detailed description of federal, state, and local recurring funding sources is included in the following discussion. Figure 1 below tracks transit fixed-route operating costs (including administration and overhead) for the San Diego region from FY 1998 through FY 2007 and compares those costs to the Transportation Development Act Funds (TDA) and *TransNet* transit operations funds received in the region during the same period.

Figure 1
Transit Operating Revenues vs. Costs and Service Provided



This figure shows that these two sales tax-based revenue sources have failed to keep pace with the costs of transit operations, and largely as a result of external factors (such as fuel and insurance), costs continued to climb even as the service provided, in terms of revenue miles, remained almost unchanged. According to the Metropolitan Transit System (MTS) and North County Transit District (NCTD) TDA Article 4.0 claims, the cost of operating fixed-route services, including administrative costs, grew by nearly $107 million during the ten-year period from $153.7 million in FY 1998 to $260.4 million in FY 2007. Over this same time period, TDA, the largest single subsidy source for transit operations grew by approximately $59 million, or approximately 89 percent. In June 2003, the SANDAG Board of Directors amended the *TransNet* Ordinance to increase the allowable share of *TransNet* transit funds for operations from 20 percent to 40 percent. Figure 1 shows the increase

in available *TransNet* funds for operations beginning in FY 2004. During this time period and due in part to the *TransNet* Ordinance amendment, the *TransNet* revenues available for operations grew from about $9.6 million in 1998 to about $32.6 million in 2007; however, an annual gap of $16 million remained in the transit operating budgets to be filled by other revenue sources, including fares and diversion of capital funds.

Figure 2 shows the cost components of fixed-route operations. The transit agencies have attempted to control costs but due to external events, the agencies have limited control over many cost categories. As would be expected, labor is by far the largest component of those costs, accounting for approximately 48 percent of the operational costs.

While it is a significant component of the costs, the relative proportion has decreased from 1999, when it accounted for more than 58 percent of the cost (as shown in Figure 3). On the other hand, components such as fuel and other energy, purchased transportation, and liability have increased from approximately 42 percent to 52 percent of the total. The "other" category includes costs associated with marketing, security, repair/maintenance services and supplies, and other outside services and general and administrative expenses.

Figure 4 shows the relative make up of the revenues used for funding the two transit agencies' operations over the same ten-year period.

Figure 2
Regional Fixed-Route Cost Components (FY 1998-2007)

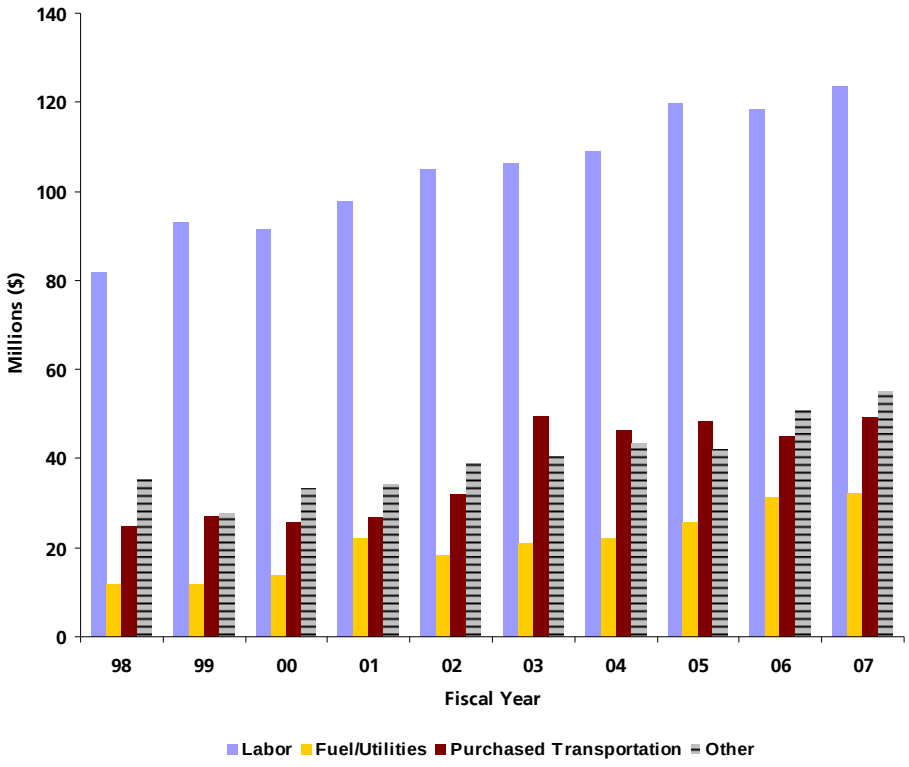


Figure 3
Regional Fixed-Route Cost Components (FY 1998-2007)

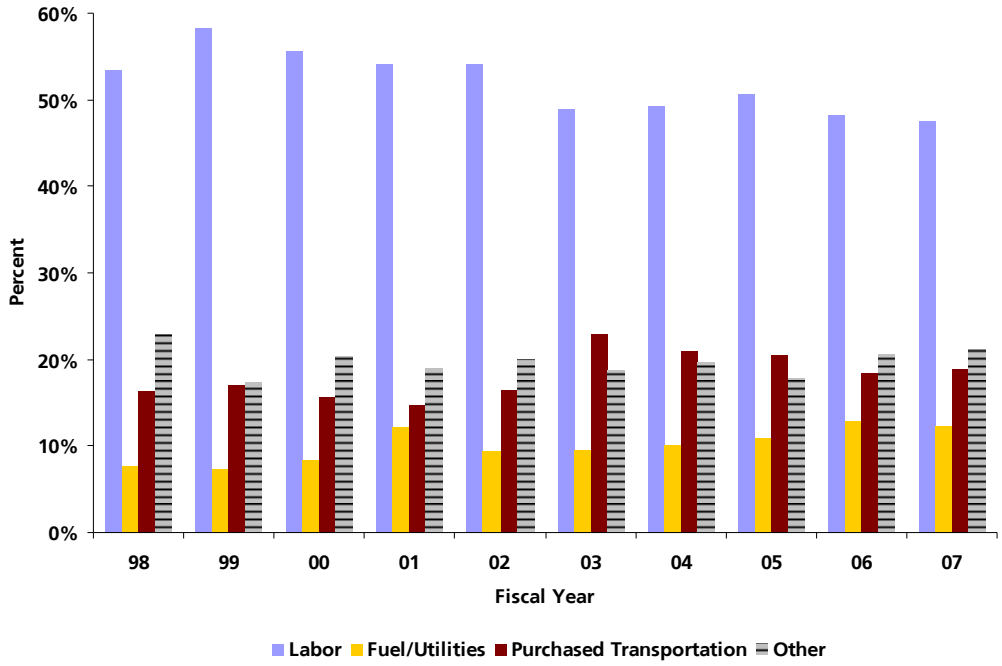
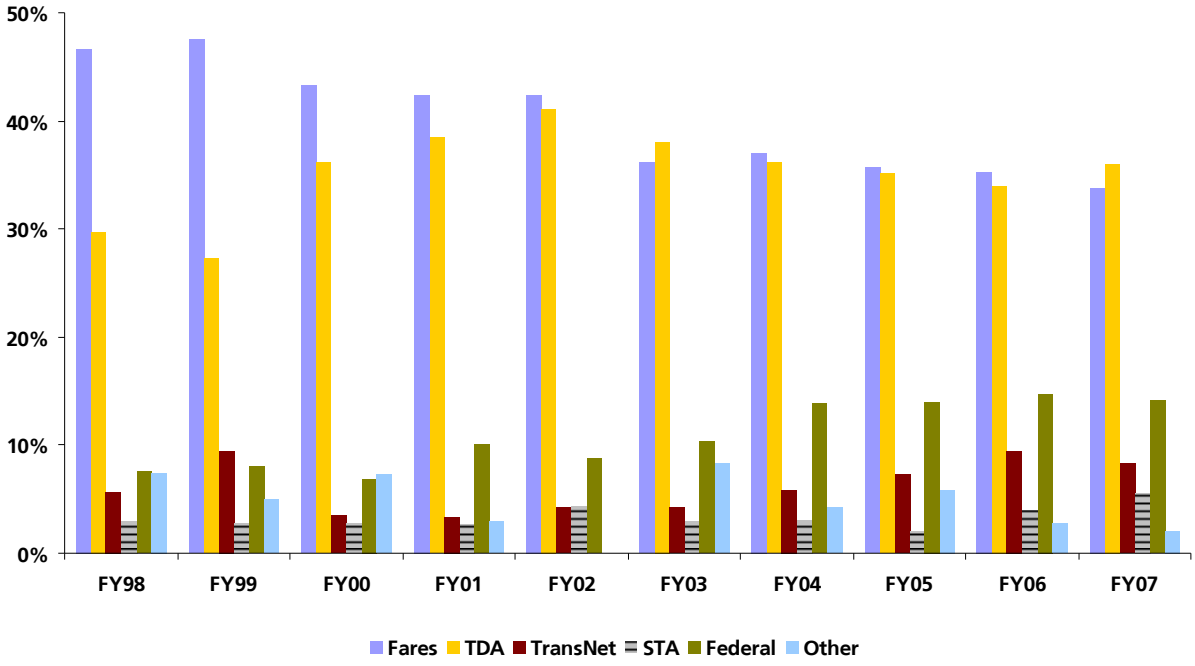


Figure 4
Regional Fixed-Route Operating Revenues (FY 1998-2007)



In the early years depicted in this graphic, in excess of 45 percent of the costs of operations were paid through the farebox, among the highest in the transit industry. As costs increased over time, the regional farebox recovery ratio was not sustained, falling to 35 percent in FY 2007. This situation was one of the main reasons MTS conducted a Comprehensive Operations Analysis (COA)

in order to gain more riders and cut nonperforming services.[1] In addition, MTS consolidated transit operators and contracts, which has achieved considerable cost savings. As a result of these efforts, the MTS average farebox recovery increased to 42 percent as of December 2008.

The increased cost of transit operations (as shown in Figures 1 and 2) highlights the need to find additional funding measures to bridge the gap between farebox recovery and total costs. The recent improved farebox recovery levels, as noted above, assists with this need; however, farebox recovery alone cannot meet the requirement to find additional dollars for transit operations. This is due to the nature of farebox recovery expressed as a percentage of cost recovery, rather than whole dollars required by increased operating costs. When costs rise, the need for additional dollars is greater even with sustained farebox recovery levels.

For the most part TDA, funds grew as a percentage of the total budget through FY 2001, but started declining in FY 2002. It became necessary for the transit agencies to assemble funding plans that included, most notably, diverting an increasing amount of federal funds normally used for capital replacement to operations. In 1998 the transit agencies used approximately $12 million (36%) of their $33 million combined federal formula apportionments for operations. In 2007 the transit agencies reported using nearly $37 million in federal funds for operations. Their combined apportionment totaled $63 million, meaning that 52 percent of these federal apportionments were used for operations. This resulted in the deferral of capital replacement.

Figure 2 does not fully show how complicated the funding picture is for transit agencies. Year to year, the transit boards come up with new combinations of revenues and constantly monitor system productivity to balance their budgets. More recently, FY 2008 sales tax revenues actually have declined due to the economic downturn. *TransNet* receipts declined by 1.4 percent and TDA went down 1.42 percent. FY 2009 appears to be even more challenging as *TransNet* revenues are projected to decline 4 percent for the year, and TDA apportionments have been reduced 4.96 percent. These declines are coming in a period of serious economic decline for most segments of the economy throughout the country, and so transit is experiencing effects similar to other industries.

MTS and NCTD have both taken proactive steps during the FY 1998-FY 2007 period to enhance productivity. NCTD completed its "Fast Forward" effort that looked at the system in place and revamped it to provide greater quality and more cost-effective service. More recently, MTS undertook its COA with an eye on the same goals. Both of these agencies believed that they had achieved systems that could be sustained with known revenues at that time. The recent trends described above continue to raise the concern of potentially deferring capital replacement needs in the future, which could affect operating costs as the agencies deal with more equipment and vehicle needs.

Recurring Funding Sources

The analysis of recurring funding sources includes all known and reasonably foreseeable sources that provide or can provide funding to cover operational expenses for public transit throughout San Diego County. This includes local, state, and federal sources of recurring funding:

[1] NCTD is currently preparing to undertake a similar operations analysis.

Local

- *TransNet*
- Transit Fares

State

- State Transit Assistance (STA)
- Transportation Development Act (TDA)

Federal

- FTA Section 5307 Urban Area Formula Funds
- FTA Section 5309 Fixed Guideway Modernization
- FTA Section 5310 Elderly Individuals and Individuals with Disabilities
- FTA Section 5311 Non-Urbanized Area Formula Funds
- FTA Section 5316 Jobs Access and Reverse Commute (JARC)
- FTA Section 5317 New Freedom

TransNet

Since 1988, *TransNet*, the half-cent sales tax for local transportation projects, has been instrumental in expanding the transportation system, reducing traffic congestion, and advancing critical transit projects. In November 2004, 67 percent of the county's voters approved a 40-year extension of *TransNet*, which is expected to generate an additional $14 billion for public transit, highway, and local street and road improvements.

After off-the-top deduction of commitments for certain oversight, administration, and bicycle/pedestrian programs, 16.5 percent of the annual *TransNet* revenues are to be used for transit purposes, either capital or operating, with 94.25 percent of the 16.5 percent *TransNet* revenues allocated by population to the transit operators. 2.5 percent of the 16.5 percent goes to the transit agencies to aid in complying with the Americans with Disabilities Act (ADA), and 3.25 percent of the 16.5 percent is reserved for a competitive program to provide transportation services for seniors.

In addition, 8.1 percent of annual *TransNet* revenues (after off-the-top deductions) are set aside for operating costs of specific new services developed with capital investment from the *TransNet* Major Corridors program.

Increases in the annual apportionments to the transit agencies are subject to limitations on cost increases in cost per revenue vehicle-hour and revenue vehicle-mile as compared to the Consumer Price Index for San Diego County. The 8.1 percent is limited to the new services specifically identified in the *TransNet* Expenditure Plan.

Issues That Impede the Use of These Funds to Sustain Operations

The 2004 *TransNet* Extension measure attempts to help resolve the problem with finding monies to operate expanded transit service. The difficulty lies in projecting the costs over a 40-year period. It is necessary that growth of the *TransNet* sales tax keep up with inflation to ensure that the new

service is operated through the end of the measure. Moreover, since many of the new services are still being developed, the funds will be spent on an as-needed basis, leading to unspent balances until the new services go into operation.

Transit Fares

Transit fares represent a relatively stable source of recurring revenue as discussed in the beginning of this section. However, no transit agency is self sustaining; other funding sources are required to annually balance their budgets.

State Transit Assistance

In February 2009, the State Transit Assistance (STA) program (Senate Bill [SB] 620, as amended) was suspended through FY 2013 by the state. Previously, this program was the only ongoing source of state funding for day-to-day transit operations. For MTS and NCTD, this means the elimination of more than $20 million in funding for transit operations in the most recent budget year. In the past, the STA program was derived from the Public Transportation Account (PTA) and provided a source of operating and capital funding for transit operators. The PTA was funded primarily from sales tax on gasoline and diesel.

Beginning with FY 2008-2009, SB 717 (Chapter 733, Statutes of 2007) continuously authorized the transfers of sales tax revenue derived from the sale of motor vehicle fuels to the Transportation Investment Fund (TIF) to be distributed as follows: 20 percent to the PTA, 40 percent to the State Transportation Improvement Program (STIP), and 40 percent to cities and counties for road maintenance and construction. This codified the Proposition 42[2] funding formula into law.

Within STA, 25 percent is allocated for transit capital (also part of the STIP) projects, 37.5 percent is allocated to regional transit entities according to a population formula, and the remaining 37.5 percent is allocated to regional entities to be allocated in turn to individual operators proportionately based on a revenue formula. STA funds may be used for operations provided that the transit agency's costs do not increase at a greater rate than the Consumer Price Index (with exceptions for extraordinary costs such as fuel and liability insurance).

The state controller is required to issue estimates of STA funds to be allocated to each regional entity by January 10 of each year. As the successor agency to the Metropolitan Transit Development Board, MTS retained its predecessor's status within the TDA as a transportation planning agency, and therefore, receives its allocation directly from the State without SANDAG approval. However, holding no such legislative designation, NCTD receives its population and revenue formula-based share through SANDAG.

Issues That Impede the Use of These Funds to Sustain Operations

It is unclear whether or not this funding source will reemerge in the future. While it has been completely eliminated for the time being, this funding source was very susceptible to raids by the Legislature and the Governor in the past. Proposition 42 (2002) and Proposition 1A (2008) were both voter-approved initiatives, which placed limitations on using these funds to supplement the state general fund. However, neither measure addressed what has been called the spillover account, which, in simple terms, is the amount of sales tax that is attributable to spikes in fuel prices over

[2] Proposition 42 required, effective July 1, 2008, that existing revenue resulting from state sales and use taxes be used for public transit and mass transportation; city and county street and road repairs and improvements; and state highway improvements.

and above increases in the prices of other commodities. Beginning with the FY 2008 budget year, the Governor's budget included the cost of home school transportation and the debt service on previously sold transportation revenue bonds as "mass transportation" costs, and the courts have upheld this interpretation.

Transportation Development Act

The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. Known as the Transportation Development Act of 1971, this law provides funding to be allocated to transit- and nontransit-related purposes that comply with regional transportation plans. The TDA provides two funding sources including the STA described previously and the Local Transportation Fund (LTF), which is derived from a quarter cent of the general sales tax collected statewide. The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF.

TDA comprises the largest source of subsidy for the San Diego region's transit operators. TDA funds may be used for a wide variety of transportation programs, including planning and program activities, pedestrian and bicycle facilities, community transit services, public transportation, and bus and rail projects. Providing certain conditions are met, counties with a population under 500,000 also may use the LTF for local streets and roads, construction, and maintenance.

Issues That Impede the Use of These Funds to Sustain Operations

TDA funds are sales tax-based, and their growth relies totally on the growth of the economy. Short-term projections of sales tax receipts rely on different, more immediate factors than the trend-based, long-term revenue projections. SANDAG recently developed a new financial model to better predict short-term sales tax receipts as these revenues often are subject to fluctuations dependent on short-term economic conditions. Projecting new growth to expand service and increase ridership based on the existing tax would be too unreliable. In order to meet new needs, an increased tax rate would be likely required.

Federal Transit Administration Section 5307 Urbanized Area Formula Program

The Urbanized Area Formula Program makes federal resources available to urbanized areas for transit capital and operating assistance in small urbanized areas and for transportation-related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the Bureau of the Census.

For medium and large urbanized areas, such as San Diego County, the Section 5307 program does not provide assistance for operating costs such as operator salaries and overhead, but based on the need to maintain federally funded assets, this program enables transit agencies to use their Section 5307 apportionments to pay the cost of maintaining those assets. The provision, called Preventive Maintenance, allows the transit operators to recover up to 80 percent of their total maintenance costs from this source. This provision is applicable to all modes; however, use of these funds for this purpose is likely to be at the expense of funding ongoing capital needs, such as bus and other equipment replacements.

Two other special provisions under Section 5307 may be employed to direct these capital funds toward operations: the Capital Cost of Contracting and Americans With Disabilities Act (ADA) Services provisions. Capital Costs of Contracting allows the transit agencies to use the Section 5307

funds to pay a portion of costs of operating contracts based on the amount of capital being provided by the contractor. The proportions vary based on the type of contract and whether the contractor provides vehicles. The transit agencies may pay up to 80 percent of the ADA operating contracts with Section 5307 funds instead of using those funds for ongoing capital needs.

Congress authorizes a multiyear federal surface transportation measure approximately every six years along with the other surface transportation programs under the Department of Transportation. The most recent authorization entitled, *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) authorized federal programs for FY 2005 through FY 2009. Based on annual levels established in the authorizing legislation, Congress then appropriates funds for FTA programs.

Urbanized Area Formula Program funds appropriated by Congress then are apportioned annually by FTA. Funds apportioned by FTA under the Urbanized Area Formula Program remain available to the recipient for four fiscal years—the year of the apportionment plus three additional years.

SANDAG is the designated recipient of the 5307 funds and apportions these funds to the transit agencies after a small portion, currently about $2.5 million, is set aside for SANDAG planning purposes. SANDAG policy has been to allocate 70 percent of the remaining funds to MTS and 30 percent to the NCTD.

Issues That Impede the Use of These Funds to Sustain Operations

As previously noted, these funds may only be used for Preventive Maintenance and certain operating contracts; however, this is not the limiting factor with regard to their use to offset operational needs. Both agencies could likely use all or nearly all of their respective apportionments toward operations through Preventive Maintenance, Capital Cost of Contracting, and ADA Services provisions. The agencies, while using substantial amounts of the Section 5307 funds for this purpose, have found it necessary to reserve certain amounts to pay the cost of ongoing capital replacement needs. Therefore, the primary obstacle is that these funds are insufficient for their needs.

Also, there is an inherent aspect in the federal formula under Section 5307 that exacerbates the problems of increased costs and reduced passenger revenue-miles. The Section 5307 funds are distributed based in part on service provided (passenger revenue-miles). The transit agencies annually prepare operating statistics for the National Transit Database. Some of those statistics then are used in the formula for apportionment. The statistics from one year will affect the distribution of funding two years later. As the transit agencies have to cut service to accommodate decline in other funds, their relative share of the national program also could be cut. In recent years, when the region's agencies have seen cuts in service, the overall federal apportionment has been increased sufficiently to mask the impact of these service cuts. Conversely, increases in service in one year can increase the regional share two years later.

Cost-effectiveness is another part of the formula that could have a negative impact. As costs rise in San Diego disproportionately with other areas in the country, the cost per revenue-mile rises, and the regional share also is impacted. However, the cost-effectiveness component is only one of the factors used in determining a small percentage of the overall 5307 funds (9.2% for bus service and 4.39% for fixed guideway services including heavy rail, light rail, and buses operating on high occupancy vehicle lanes) and, therefore, its impact is relatively minor.

Another obstacle to the use of these federal funds for operations/increasing ridership is that the federal funds come with certain restrictions that could affect the costs for which they are used. Very specific bidding and procurement requirements are applied to operations-type contracts. As previously noted, however, the San Diego transit agencies have not let those requirements deter them from using the federal funds for Preventive Maintenance. Preventive Maintenance is limited to just maintenance and not other direct operating costs such as driver salaries, support, and administration.

Regardless, choosing between operations or capital presents a dilemma—more dollars for operating purposes means less for capital. In order to overcome the greatest obstacle, Congress would have to increase the amount authorized for this program. Currently, SAFETEA-LU is set to expire on September 30, 2009, and Congress is expected to begin work on a new authorization in the coming year. Of course, our Congressional leaders also face the obstacle of too little funding as the Federal Highway Trust Fund that includes the Mass Transit Account is virtually depleted of revenues. This is because the federal gas tax that goes into the Trust Fund has not been increased since 1997. The cost of maintaining existing infrastructure has outstripped the growth in revenues. The advent of more fuel-efficient vehicles, while perhaps falling short of the goal, has nonetheless exacerbated the problem with the Trust Fund insufficiency. Congress will be reviewing its options for enhancing or replacing the gas tax as a dedicated funding source for surface transportation programs with the next authorization.

Federal Transit Administration 5309 Fixed Guideway Modernization

This federal formula program is available to fixed guideway agencies with systems in operation for at least seven years. The term "fixed guideway" refers to any transit service that uses exclusive or controlled rights-of-way or rails, entirely or in part. The term includes heavy rail, commuter rail, light rail, trolleybus, aerial tramway, inclined plane, cable car, automated guideway transit, ferryboats, that portion of motor bus service operated on exclusive or controlled rights-of-way, and high-occupancy-vehicle (HOV) lanes. Called 5309 Rail Mod, these program funds must be used only for fixed guideway projects including Preventive Maintenance. These funds require a nonfederal match of 20 percent to the federal 80 percent contribution.

Like Section 5307 funds, Fixed Guideway Modernization funds are authorized under SAFETEA-LU and are appropriated annually by Congress. FTA apportions these funds to the regions based on a complicated tiered formula using factors of revenue miles and route miles, and SANDAG apportions these funds directly to MTS (70%) and NCTD (30%).

Issues That Impede the Use of These Funds to Sustain Operations

The obstacles identified with the 5309 Rail Mod funds are almost identical to those related to Section 5307 funds:

- Cuts in service could result in reduced share of the total available at the national level.
- Preventive Maintenance is limited to just maintenance and not other direct operating costs, such as operator salaries, support, and administration.
- Congressional action would be needed to change the use of these funds for other operating costs, but historically, Congress has not favored operating assistance for large urbanized areas.
- Any funds used for Preventive Maintenance would not be available for capital replacement.

- The Rail Mod Program is funded from the Mass Transit Account of the Federal Highway Trust, which is approaching insolvency.
- In addition, the application of these funds is more limited. While Section 5307 funds are available for any transit mode, Rail Mod funds only may be used for "fixed-guideway" systems.

Federal Transit Administration Section 5310 Formula Funds for Service to Elderly Individuals and Individuals with Disabilities

The goal of the Section 5310 program is to improve mobility for elderly individuals and individuals with disabilities throughout the country. These funds can be used for capital purposes only, such as vehicle replacement. The states are the direct recipients with the funding allocated on a formula basis. The State of California, through the actions of Caltrans and the California Transportation Commission (CTC), distributes the funds on a competitive basis.

The primary recipients of these funds are nonprofit agencies that provide transportation for seniors and persons with disabilities; however, public transit agencies may apply if they can show that no nonprofits are readily available to provide service for which the capital funds are requested.

In the past, nonprofit agencies have contracted with MTS and NCTD to provide required ADA services. These agencies successfully applied to the state for the purchase of vehicles using the Section 5310 funding. This then has helped hold down the cost of the contract service. Projects for new ADA services have competed well statewide.

Issues That Impede the Use of These Funds to Sustain Operations

Current FTA 5310 program regulations say that these funds may only be used for capital purchases and cannot be used for operations.

Federal Transit Administration Section 5311 Non-Urbanized Area Formula Funds

FTA apportions these funds for non-urbanized areas to the states according to a statutory formula based on each state's population in rural and small urban areas (under 50,000 population). In California, Caltrans apportions the Section 5311 funds to counties on a rural population basis. SANDAG in turn also apportions the regional funds to MTS and NCTD based on their relative rural populations according to the most recent decennial census. NCTD receives 59 percent of the funding and MTS receives 41 percent. These funds may be used for operations requiring a dollar-for-dollar match. They may be used for capital at an 80/20 federal to nonfederal ratio.

Issues That Impede the Use of These Funds to Sustain Operations

These funds, like the Section 5310 program, make up a very small percentage of the transit budgets. However, their availability has enabled the agencies to provide some rural services that might not otherwise be possible. The funds cannot be used for urban or suburban transit services, so elimination of rural services also would mean the loss of this funding source. Like the other FTA programs, the Section 5311 program is subject to the next authorization measure, and like the other programs, it is unknown if and in what form the program would continue.

Federal Transit Administration Section 5311(f) Intercity Bus Program

A subsidiary program under the Section 5311 program, the Section 5311(f) program was created to help provide an intercity bus transportation system designed to address the intercity bus

transportation needs of the entire state by providing financial assistance for operating, capital, and/or planning grants that support three national objectives:

- To support the connection between non-urbanized areas and the larger regional or national system of intercity bus service;
- To support services to meet the intercity travel needs of residents in non-urbanized areas; and
- To support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities.

This program, while discretionary, is included in this list of recurring sources because the region's two transit agencies have been somewhat successful in obtaining these funds to support rural operations and capital needs.

Federal Transit Administration Section 5316 Jobs Access and Reverse Commute Program

The goal of the Job Access and Reverse Commute program (JARC) is to improve access to transportation services to employment and employment-related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and nonurbanized areas to suburban employment opportunities.

This program provides financial assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and of reverse commuters, regardless of income. The program requires coordination of federally-assisted programs and services in order to make the most efficient use of federal resources. The formula for JARC funds is based on the number of eligible low-income and welfare recipients in urbanized and rural areas. The region may use up to 10 percent of the JARC funds for planning, administration, and technical assistance.

JARC funding is allocated by formula to states for areas with populations below 200,000 persons and to designated recipients for areas with populations of 200,000 persons and above. SANDAG serves as the designated recipient for the San Diego region. SANDAG apportions these funds through a competitive basis. Any projects must be included in the Coordinated Plan, which serves as the federally mandated, locally developed transit and human service transportation plan.

To broaden the applicability of this program, the sources for matching funds are expanded. While most FTA programs must be matched with nonfederal funds, the JARC funds may be matched with other federal funds as long as that match does not come from other Department of Transportation sources. This encourages coordination with other programs such as those funded by the Department of Health and Human Services.

The JARC funds may be used for operating at a 50 percent share or for capital at an 80 percent JARC share. While social service agencies are eligible for these funds, MTS and NCTD have been the largest recipients in the region and have used them principally for operations.

Issues That Impede the Use of These Funds to Sustain Operations

Like all of the other FTA sources, there are significant limits on the use of these funds. Additionally, to receive JARC funding, the federal guidelines require a competitive selection process. This requirement makes it difficult to depend on continual JARC funding from year to year. It remains to be seen if specialized federal programs will remain in the next reauthorization.

Federal Transit Administration Section 5317 New Freedom Program

The New Freedom Program is authorized in SAFETEA-LU to support new public transportation services and public transportation alternatives beyond those required by the ADA of 1990. Examples of eligible projects include:

- Enhanced paratransit services beyond the minimum requirements of the ADA, for example, expanded service parameters beyond the three-fourths mile radius requirement or expanded hours of operation beyond those provided on the fixed-route services;
- Accessibility improvements to transit and intermodal stations not designated as key stations;
- Volunteer driver and aide programs; and
- The development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs.

SANDAG, as the designated recipient of these funds, distributes them on a competitive basis. MTS and NCTD may receive these grants, but nonprofit agencies also may compete and receive their funding as subrecipients of SANDAG. New Freedom Program service is defined as any service or activity that was not operational on August 10, 2005, and did not have an identified funding source as of August 10, 2005, as evidenced by inclusion in the Transportation Improvement Plan (TIP) or the STIP. In other words, if not for the New Freedom Program, these projects would not have consideration for funding, and proposed service enhancements would not be available for individuals with disabilities.

The FTA further clarified the guidelines to include new and expanded fixed-route and demand responsive service (provided those services are planned for and designed to meet the needs of individuals with disabilities) as eligible projects under the New Freedom Program.

Issues That Impede the Use of These Funds to Sustain Operations

These funds have been targeted at expanding a very specialized service. Additionally, to receive New Freedom funding, the federal guidelines require a competitive selection process open to all transportation providers. This requirement makes it difficult to depend on continual New Freedom funding from year to year; however, the recent rule change enables transit agencies to apply for New Freedom funding for fixed-route and demand responsive services as long as those services are planned for and designed to meet the needs of individuals with disabilities.

Summary of Recurring Funding Sources

In summary, there are very few funding options for transit operations. Legislators and funding agencies have shown a desire to fund capital improvements, leaving the cost of operations to the local entities. Moreover, the few sources available come with restrictions and/or are targeted toward addressing the needs of certain populations. Only TDA and portions of *TransNet* transit operating revenues have meaningful flexibility to allow the transit operators to apply them as needed.

SANDAG has worked to inform state and federal legislators of the importance of identifying resources to fund existing and expanded transit ridership. Board members and executive management joined coalitions of regional agencies, our transit agencies, and the California Transit

Association to fight the elimination of STA funds. Board members and executive management have testified in Congressional hearings and outreach sessions as to the importance of public transit to the region; however, this effort cannot be achieved without a public consensus on the priority for transit funding.

In addition, when the voters approved the *TransNet* Extension in 2004, they approved a provision that required that SANDAG pursue an additional sales tax measure to fund long-term habitat conservation plans in the San Diego region. Originally required to be on the ballot by 2008, the SANDAG Board of Directors approved an amendment to the *TransNet* Extension Ordinance to extend the deadline two years from 2008 to 2010. The Board also directed staff to explore other "quality of life" areas in need of additional funding, including shoreline preservation, water quality improvements, and public transit improvements. As part of the current FY 2009 work program and proposed FY 2010 work program, SANDAG is continuing to evaluate the timing and viability of a new funding measure, including the need to find a reliable funding source for public transit.

SECTION 3: IMPEDIMENTS TO MAINTAINING LONG-TERM RIDERSHIP

The discussion in this section focuses on understanding the impediments to maintaining long-term ridership, both in terms of factors affecting systems development (design elements of new transit services and facilities) and those affecting systems management (the efficiency and effectiveness of the existing transit system).

Discussion

Three major efforts conducted in recent years are discussed below that highlight impediments affecting transit ridership:

- Metropolitan Transit Development Board (MTDB) TransitWorks market research study done in 2000
- San Diego Association of Governments (SANDAG) Transit Public Opinion Survey conducted in 2008
- SANDAG 2008–2012 Coordinated Plan

In addition, two other SANDAG efforts involving an update to the regional transportation model and development of new transit technologies in the region are discussed. Land use decisions and parking policies and their implications on transit ridership also are included in this section.

MTDB TransitWorks Study

In 2000, the San Diego MTDB (now known as Metropolitan Transit System (MTS)) undertook a market research approach for its TransitWorks[3] Long-Range Strategy. At the core of the MTDB long-range strategic plan effort was the belief that San Diego's transit system should deliver services that individual travelers desire. Market segmentation was seen as a powerful tool to understand and respond to the needs of transit customers.

The market research identified the attitudinal factors that influence a person's decision on modal choice—that is, their decision whether to drive or use transit. Two of these factors—sensitivity to one's personal travel experience and one's need for flexibility and speed—proved to be the key components in segmenting the San Diego market into six discrete groups of travelers. The results produced useful insights into traveler's sensitivity to certain variables based on which group they belonged to. The highlights (organized by transit attribute) include:

- **In-Vehicle Travel Time** – This measure was found to be an important factor in the decision on whether to use transit, although riders making a commute trip were found to be more sensitive to this variable than the riders making a noncommute trip. Therefore, long in-vehicle travel times, when compared to a similar auto trip, are seen as a significant ridership impediment for commuters.

[3] The complete study can be found at http://www.sandag.org/uploads/publicationid/publicationid_1430_9421.pdf.

- **Wait Time for Transit** – Similar to in-vehicle travel time, the wait time for transit was found to be a strong disincentive for commute trips; however, it was no more burdensome than in-vehicle travel time on average noncommute trips.

- **Walk Time** – Walk time reflects the walk times to and from a transit stop. The study found the sensitivity to transit walk times was similar to the sensitivity for walk times between an auto parking location and the work destination.

- **Time Spent Searching for Parking** – The study found that respondents on a commute trip also were found to be more sensitive to time spent searching for parking than respondents on a noncommute trip.

- **Transfer Penalty** – A transit rider's sensitivity to transferring between transit routes is significantly higher than in-vehicle travel time, suggesting that minimizing the transfers and/or transfer wait time can have a strong impact on ridership.

- **Cost of Travel** – Cost was not seen as a significant variable in the study, and sensitivity to fares was not particularly strong within any of the market segments studied. Additionally, the two segments of travelers with the highest average income were those also willing to pay for a higher quality of service if in-vehicle travel times and wait and walk times are competitive with a similar auto trip.

- **Seat Availability** – Seat availability was found to have a minor impact on the attractiveness of transit.

- **Automobile Ownership** – The lack of auto ownership was found to be a significant indicator of higher transit use as would be expected; however, access to an auto was not, in and of itself, a deterrent to transit use. Rather, the decision on whether to use transit is dependent upon the effect from the other factors discussed above as well.

The TransitWorks study process also highlighted the critical role that land use plays in determining transit ridership. Areas with transit-supportive land uses enhance passenger access to transit stations and make transit a more convenient option. Lower-density, auto-oriented land uses, on the other hand, make it difficult to provide transit in a convenient and cost-effective manner.

Overall, the TransitWorks process showed that the transit market is not one dimensional in nature, but rather that the different rider types respond differently to the various factors discussed above. Through a solid understanding of the types of riders that may use a particular bus, Trolley, or COASTER service and careful attention to the service design, the ability of that service to attract and retain riders can be enhanced.

The information gleaned from the TransitWorks study fed into the development of the Regional Transit Vision, which was adopted by SANDAG, MTS and North County Transit District (NCTD) in 2001. This vision set the framework for transit improvements included in the 2003 RTP (MOBILITY 2030) and updated in the 2007 Regional Transportation Plan (RTP) (Pathways for the Future). Since the development of the Regional Transit Vision, both transit agencies conducted in-depth operational analyses ("Comprehensive Operations Analysis" for MTS and "Fast Forward" for NCTD), which helped further streamline their services.

2008 Public Opinion Survey

The 2008 Public Opinion Survey[4] undertaken by SANDAG was aimed at better understanding travel preferences of both existing and potential transit riders. The results of the study discuss the factors that influence the likelihood of riding transit, including the degree to which these factors can influence both current ridership and interest in riding in the future (providing a greater level of detail than the previous TransitWorks analysis). These factors also were designed to take into account the specific transit service types in the region including the COASTER, Trolley, and bus.

The study identified 9 factors that were seen as the most important transit impediments influencing existing ridership and 11 factors influencing someone's interest in future ridership. While the factors are not ranked and the survey does not assess how difficult the factors are to change, the study does quantify how changing someone's perceptions of these factors can increase their likelihood to ride transit. For example, it might be easier and less costly to invest in a marketing campaign that persuades potential riders that the Trolley is less stressful than the car than to make operational changes that build more stations so people have more access. While the study identifies important factors, transit experts (planning, operations, and marketing) need to assess the factors in practical terms as well. The nine variables seen as the most important factors impeding existing transit ridership are shown in Table 1.

Table 1
Factors Influencing Existing Riders – By Transit Service Type

Bus Predictors

- Ability to travel to desired locations
- Feeling safe
- Having service available when needed

Trolley Predictors

- Attended special events in the past
- Ability to travel to desired locations
- Having service available when needed
- Reducing stress
- Ability to get to destination on time
- Having flexibility to travel when needed
- Avoiding traffic

COASTER Predictors

- Ability to travel to desired locations
- Attended special events in the past
- Avoiding traffic

[4] The complete report and appendices can be found at http://www.sandag.org/uploads/publicationid/publicationid_1428_9419.pdf (study) and http://www.sandag.org/uploads/publicationid/publicationid_1429_9420.pdf (appendices).

The same analysis was undertaken to determine the important variables in a person's interest in riding transit in the future. Under this scenario, 11 variables were seen as the most important factors impeding future transit use as shown in Table 2.

Table 2
Factors Influencing Interest in Future Riders – By Transit Service Type

Bus Predictors

- Avoiding traffic
- Feeling safe
- Having clean and comfortable vehicles

Trolley Predictors

- Feeling comfortable with someone else driving
- Considers themselves an environmentalist
- Ability to access multiple destinations
- Ability to get to destination on time
- Avoiding traffic
- Feeling safe
- Having clean and comfortable vehicles
- Reducing stress

COASTER Predictors

- Ability to travel to desired locations
- Feeling safe
- Attended special events in the past
- Considers themselves an environmentalist
- Avoiding traffic

SANDAG Coordinated Plan

The 2008–2012 Coordinated Plan includes a detailed evaluation of transit and social service operational deficiencies in the region.[5] Two important components regarding ridership impediments are included in the report: operational deficiencies based on transit service statistics (Chapter 4) and service gaps and deficiencies based on a geographic analysis of access to transit (Chapter 7).

The evaluation of transit data stems from the regional performance evaluation program included in the 2008–2012 Coordinated Plan. This program provides a tool to annually assess the overall health of the regional public transit system. Also, detailed demographic data is collected to assess the transportation needs of multiple groups and the corresponding transit and social service transportation network to meet their daily needs. Additionally, specific demographic sub-groups

[5] The complete report and appendices can be found at www.sandag.org/coordinatedplan.

are evaluated (including low-income persons, seniors, and disabled individuals) since these groups have a greater likelihood of being transit dependent.

To date, the 2008–2012 Coordinated Plan has been utilized to fund several projects proposed to fill the transportation gaps discussed in the plan based on the following identified deficiencies:

- Lack of transit or social service transportation in various areas or neighborhoods of San Diego County (based on empirical mapping techniques)
- Lack of transit or social service transportation in various areas or neighborhoods of San Diego County with associated threshold densities (based on empirical mapping techniques)
- Absence of a centralized ride scheduling and dispatching center
- Lack of service to the rural areas
- Limited coordination among transit and social service agencies
- Minimal weekday or weekend service
- Lack of low-cost, nonemergency medical transportation

The Coordinated Plan is updated on an annual basis to monitor changing passenger needs, evolving demographics, and changes in transit service levels. The Coordinated Plan provides an important tool in monitoring the performance of the existing system and indicating areas of improvement that could improve system efficiency both in terms of the rider convenience and cost effectiveness.

Regional Travel Model

The degree to which the market research and travel behavior survey results discussed above can be incorporated into the SANDAG regional travel demand model can help improve the transit ridership forecasts used in long-range planning studies and plans. SANDAG modeling staff currently is moving toward the next generation of a forecasting model involving an Activity-Based Model approach that will be able to use data from the TransitWorks and Public Opinion Survey to develop a more sophisticated set of variables in forecasting transit ridership, including:

- Perception of the various rail and bus transit modes
- Use of transit for different travel purposes
- Socioeconomic characteristics, such as car ownership, income, household size, worker status, age, gender, and education
- Travel Time
- Transit Fares
- Transit Access to Desired Locations

In the context of planning decisions, the new model also is expected to be capable of better answering policy questions such as how to: optimize the use of congestion pricing; optimize use of Managed Lanes; and evaluate benefits of transit-oriented development. In addition to being used for travel forecasts for development of the RTP and transportation corridor studies, the model will be used for transportation modeling requests made to the SANDAG Service Bureau by cities, counties, other governmental bodies, and private sector clients across the region.

Technology Enhancements

There is a strong role that technology can play in improving transit operations and rider information. SANDAG completed deployment of the Regional Transit Management System (RTMS) in 2006, which provides the countywide infrastructure needed to track vehicles and deliver customer information. The RTMS is a sophisticated communications system that uses satellites to provide transit system performance, vehicle diagnostics, and life/safety emergency information.

In addition, in the last two months, SANDAG completed installation of the first set of digital message signs at several transit centers in the region as part of a longer-term plan to provide real-time transit information to passengers. The signs use cell phone technology to communicate to the RTMS network and convey real-time information about the arrival/departure status of buses serving a particular stop. This information is based on schedule deviation and the bus' current location. In the future, SANDAG will explore solutions that enhance the bus arrival prediction to include delays from traffic impacts.

Other technology enhancements include development of transit priority treatments to reduce delays for transit buses, including signal priority measures that can extend green lights if a bus is behind schedule, queue jump lanes, and dedicated transit lanes on both local arterials and freeways. These measures can both reduce transit travel times and improve schedule reliability.

Technological improvements are not only limited to transit operations. One of the major technological opportunity areas involves improving the individual transit passenger experience. For example, SANDAG recently deployed the Compass Card, which brings new, automated fare collection technology to transit riders throughout the San Diego region. Compass Cards can be used to load monthly transit passes, store cash value, or both. In addition, the card is flexible and can be loaded with 30-day and 14-day rolling passes. The implementation of Compass Cards creates a seamless travel system throughout the county since the one card approach allows patrons to go anywhere. Additionally, customer and operator interaction is improved, confusion is eliminated, and transit is made more accessible with the Compass Card. While streamlining and expediting fare collection, Compass Cards also improve the quality of ridership data available to the transit operators and SANDAG.

Parking Policies

Changes to current parking policy can help encourage transit ridership by increasing the amount of the costs of automobile travel directly to the driver rather than being subsidized by businesses or property owners. Parking policy includes the consideration of both origin and destination parking since both of these factors influence one's decision to take transit. Low-minimum parking requirements for residential developments (such as one space per residential unit) can help encourage families to use transit since the cost of paying for an additional space can be cost prohibitive. Parking maximums can be established to ensure there are not excessive amounts of parking, especially in neighborhoods rich in transit service.

Parking policies at the destination end of the commute trip involve policies aimed at "unbundling" employer-provided parking. Rather than employers subsidizing the cost of parking whether an employee drives or not, employees would be given the option of "cashing" out the parking cost to use instead for paying the cost of a transit pass. The end result is that a transit rider gains the same dollar subsidy as the auto driver.

Land Use Decisions

The goal of increasing transit ridership through improved transit services also requires strong transit-supportive land uses. Transit-supportive land uses involve locating denser, mixed-use development adjacent to transit stations to maximize the number of residential and business uses within a convenient walk distance. Equally important is making the walking environment a safe and pleasant experience through the development of "complete street" designs that create more human-scale streetscapes and serve all modes of travel. SANDAG has sponsored a Smart Growth Incentive Program to offer local communities funding support to develop projects that integrate smart growth land uses and transportation facilities and provides funding through the *TransNet* Bicycle, Pedestrian, and Neighborhood Safety Program for improvements to the bicycle and pedestrian system.

Conclusions on Impediments to Maintaining Long-Term Ridership

The discussion above indicates that maintaining long-term ridership for public transit is more complex than simply adding more resources for the regional transit system. Rather, improvements to transit can involve both systems development (how to best allocate new resources to transit) and systems management (how to better manage the existing system in order to maximize its efficiency and effectiveness). Focusing efforts in both arenas are needed to improve the attractiveness of transit to both existing and potential riders.

Systems development improvements involve the use of a variety tools to better design future rail, bus rapid transit/rapid bus, and local bus services. The TransitWorks research and the Public Opinion Survey note the importance in better understanding the transit travel markets that will be served by new services and designing those services with the specific attributes that will attract those market segments. Those attributes range from service frequency and travel time to the vehicle and station amenities. Regional demographic analysis also can assist in this endeavor to help identify locations of emerging population groups (such as seniors and the disabled) who may grow increasingly dependent on public transportation over the next several decades. Improvements being made to the SANDAG regional travel model will assist in this effort by incorporating many of these market research and demographic elements to better forecast potential ridership.

Systems management improvements entail the use of various tools to explore ways, on an ongoing basis, for improving the effectiveness of existing resources devoted to public transit. Technology improvements offer the potential to improve the performance of the existing system and passenger convenience with investment in relatively low-capital cost improvements. Parking and land use policies designed to enhance transit use also fall under the systems management category. Information from the 2008–2012 Coordinated Plan helps identify existing needs that, if overcome, would improve the quality of the system for current riders and lead to increased attractiveness to potential riders. The market research and public opinion survey also provide valuable information that can be used to better tailor existing transit market outreach efforts to reach those market segments that could be attracted to transit.

Finally, it should be recognized that public transit is only one component of a multimodal approach to transportation solutions that are geared toward giving people better choices. We have all seen what happened to use of public transit when fuel prices went up – we now understand better the variety of ways that we pay to drive our automobiles (e.g., vehicle license fee, insurance, maintenance costs, etc.) Behavioral economics needs to be part of this discussion in order to make the overall transportation system function efficiently.

SECTION 4: FINANCIAL IMPEDIMENTS – REALLOCATION OF EXISTING FUNDING SOURCES – *TransNet* EXTENSION ORDINANCE

In addition to the impediments detailed in Section 3, this section discusses funds that are not typically applied to transit but *may* be applied depending on their guidelines or bylaws. One such resource is the *TransNet* Extension Ordinance and the various programs and funding streams associated with it. This section evaluates the flexibility of *TransNet* funds to cover transit operations expenses where reallocated dollars could be reprogrammed to help maintain existing transit services in *TransNet* project corridors as an interim step until budgets return to prior FY 2008 levels.

Background

Excluding administrative expenses, oversight, and funds for the bicycle/pedestrian/neighborhood safety program (approximately 3%), the *TransNet* Extension Ordinance includes a set-aside dollar amount comprising 8.1 percent of revenues collected to operate new transit services developed by the *TransNet* Major Corridors program. These new services are identified in the *TransNet* Extension Ordinance and include the Mid-Coast Corridor Transit project, the Super Loop, and Interstate 15 Bus Rapid Transit (I-15 BRT), among others.

At this time, the region is conducting an analysis to compare the updated cost estimates to operate all new services identified in the *TransNet* Extension Ordinance with the anticipated revenues from *TransNet* and to provide a reassessment of the program's financial ability to operate these new services. If these funds were to be designated to fund existing transit operations, it would put the budget capacity in jeopardy to fund the new transit project operations as envisioned in the program approved by the voters. This also would also impact the potential for federal full funding grant agreements as evidence of adequate operations funds is a requirement for competition. Any proposal to redirect funding from the 8.1 percent program to transit operations for the existing network would require an amendment to the *TransNet* Extension Ordinance with two-thirds approval from the SANDAG Board of Directors, acting in its role as the San Diego County Regional Transportation Commission.

It should be noted that changes to the scope of work of the *TransNet* program, including the elimination, addition, or substitution of capital project, also requires an amendment to the *TransNet* Extension Ordinance. This amendment also would require approval by a minimum of two-thirds of the SANDAG Board of Directors. It should be noted that the elimination of the Mid-Coast Corridor Transit project from the program would require a vote by the people because it was a remaining project from the original *TransNet* measure.

At this time, the region has embarked on the development of several new transit services: I-15 BRT, South Bay BRT, Mid-City Rapid Bus, the Super Loop, and the Mid-Coast Corridor Transit project. Another option the SANDAG Board of Directors has is to delay the implementation of these projects and shift the capital funds to operations. While delaying implementation of a project does not require an amendment to the *TransNet* Extension Ordinance, diversion of capital funds to

operations would require an amendment. And, as with the discussion above, the amendment would require a two-thirds of the Board of Directors to approve the change (and in the case of the Mid-Coast Corridor Transit project, a vote of the people). All major transit capital projects are included within the Major Corridors element of the program.

Beyond shifting existing *TransNet* transit operating or capital dollars, other potential reallocated sources involve highway, local streets and roads, bicycle/pedestrian/neighborhood safety, and Environmental Mitigation Program (EMP) funds. All of these sources would require a two-thirds vote of the SANDAG Board of Directors, with the exception of the EMP, which would require a vote of the people. These sources are described in more detail below:

Highway Funds

There are few strictly highway program projects in the *TransNet* Extension Ordinance. Most "highway" projects include elements that provide benefits to transit operations. An example is the I-15 Managed Lanes, which includes direct access ramps to I-15 BRT stations. Nonetheless, if the SANDAG Board of Directors were to eliminate or downscope a capital project, the requirement would be similar as that for a transit capital project, with a required two-thirds approval from the SANDAG Board of Directors to amend the *TransNet* Extension Ordinance. The Major Corridors program currently receives 38 percent of the revenues collected. All major highway capital projects are included within the Major Corridors element of the program. It should be noted that, like the Mid-Coast Corridor Transit project, completion of the eastern ends of State Route (SR) 52 and SR 76 could not be eliminated without a vote of the people.

Local Streets and Roads Program

One part of the *TransNet* program that could be used for transit operations without an Ordinance change is the Local Streets and Roads program. However, it has not been the practice of the 18 cities and the County of San Diego to apply any of their 29.1 percent of the funds from *TransNet* to transit operations. Eligible activities include, in addition to street, road, and transportation facility improvements, operating support for local shuttle and circulator routes and other services. Therefore, a shift of these funds to transit operations would not require an amendment to the *TransNet* Extension Ordinance.[6]

Bicycle, Pedestrian, and Neighborhood Safety Funds

The Bicycle, Pedestrian & Neighborhood Safety Program receives an off-the-top 2 percent allocation of the *TransNet* revenues collected. A change in the amount received by this program would require a two-thirds approval by the SANDAG Board of Directors through an amendment to the *TransNet* Extension Ordinance.

[6] Any jurisdiction could decide to spend their funds on transit operations without a *TransNet* amendment. However, a change in the *formula* dictating how the 29.1 percent funds are shared amongst the cities would require a *TransNet* amendment.

EMP

The EMP included in the *TransNet* Extension Ordinance provides funding for mitigation needs of the Major Corridors program, as well as local street and road projects. The 6.2 percent of the funds collected through *TransNet* are set-aside funds for the large-scale acquisition and management of critical habitat areas and to create a reliable approach for funding mitigation required for future transportation projects. Amendments to the *TransNet* Extension Ordinance regarding this program would require a vote of the people.

SECTION 5: FINANCIAL IMPEDIMENTS – POSSIBLE NEW FUNDING SOURCES

Beyond the reallocation of *TransNet*, several other funding sources were evaluated based on the feasibility of these sources to fund transit operations. These sources would potentially offer new revenue and not allocate existing revenue away from existing programmed projects, as is the case with reallocating *TransNet* dollars.

Quality of Life Funding Initiative

The creation of a Quality of Life funding measure is a potential option to increase available dollars for transit operations. A challenge to implementing this initiative as a tax would be that, contrary to the last approval where it merely was extending an existing tax, this measure would be new tax. Additionally, the current economic crisis may constrain the opportunity to advance an additional measure. Therefore, before the region embarks on asking the voters for an increase, careful assessment of priority issues for the voters should be made.

Among the priorities being evaluated is funding for: dedicated transit operations; additional transportation capital improvements; and other Quality of Life areas, such as open space, habitat acquisition, water quality improvement projects, sand replenishment at local beaches, and others. An increase, however, would provide the region with the greatest amount of flexibility and stability as the revenues would be controlled regionally. A new sales tax also would create a new source of revenue to supplement existing sources. Based on current estimates, a ¼ to ½ cent sales tax applied to transit would generate in the range of $117 and $234 million annually. It also should be noted that a Quality of Life measure could be implemented through exercising one or several of the alternatives offered below.

Increased Transit Fares

Increasing transit fares is one way to increase revenue for transit operations. Since 2007, the San Diego Association of Governments (SANDAG) periodically has increased fares upon request by the transit agencies. In addition, SANDAG has developed a Regional Comprehensive Fare Study with the original goal of achieving a single, simplified, equitable structure for both operators. With the current financial constraints facing Metropolitan Transit System and North County Transit District, this goal has been amended also to include how best to maximize transit revenues.

At the same time, it is recognized that there are clear limitations on raising fares, and there are market forces that need to be carefully considered. It should be emphasized that fare increases are not easily accomplished, and that modification to fare policy will not by itself change the dynamics of the situation facing public transit in this region. The Comprehensive Fare Study will be brought to the SANDAG Board of Directors in fall 2009.

Other Potential Regional and Local Revenue Sources for Transit Operations

Other solutions to finding new sources of money also were evaluated based on their potential application as regional funding measures. These include the creation of assessment districts, levying fees, or taxes, which have been pursued by other regions or in other jurisdictions at the local level. Consideration of these possible solutions and alternatives generates a number of policy questions; the answers to some of which may require changes in state and/or federal law. These solutions offer ancillary funding streams or could potentially replace the need for a sales tax initiative. Additionally, Table 3 provides further details on these alternatives relative to potential funds generated, implementation authority, approval requirements, geographic applicability, and ease of administration.

The process to implement the local revenue mechanisms would be dictated to a large extent by the purpose and administration of the funds. As required by Proposition 218, any tax that is collected for a special purpose (e.g., for transportation infrastructure or transit services), as the proposals in this report would be, is defined as a "special tax" subject to the two-thirds voter supermajority approval. Funding mechanisms based on real property that are structured as "fees" to pay for specific improvements or services could be implemented as a simple local city or county regulation. If a portion of these fees exceeds the reasonable cost of these improvements or services, however, then the "fee" would actually be a "tax" subject to a two-thirds voter supermajority approval.

A number of other alternative funding mechanisms were evaluated and are highlighted below.

Vehicle License Fees

Another funding source is increased revenues through the increase in annual vehicle registration fees. Assembly Bill (AB) 2766 (Richmond, 1990) allows air districts to set a fee of up to $4 for the registration of vehicles within their jurisdictions. The San Diego Air Pollution Control District (APCD) recently increased this fee from $2 to the maximum $4 as allowed under AB 2766 (effective October 1, 2009). These funds typically are used for projects and programs that reduce emissions, including transit services (the Sorrento Valley COASTER Connection services were funded, in part, by the APCD through FY 2008). With the increase to the full $4, transit projects may be eligible to compete for these funds. However, the APCD has noted that, at this point in time, the focus of the $2 increase is to provide matching funds that enable the district to continue with beneficial mobile source emission reduction programs, as well as acquiring additional grant dollars for mobile source emission reduction projects that would not otherwise be funded. Were transit to receive all of the $2 increase, this funding would only amount to $5 million annually.

Other existing legislation, AB 923 (Firebaugh, 2004), allows the APCD to charge an additional $2 for a total of up to $6. The additional $2 (from $4 to $6) cannot be spent on transit projects and is limited to Carl Moyer projects, agricultural sources, lower-emission school buses, accelerated vehicle retirement, and repair programs.

Table 3
Summary of Potential Regional and Local Revenue Sources for Transit Operations

Potential Measure	Assumptions	Potential Annual Funds Generated ($M)	Who Has the Authority at the Local Level?	What are the Requirements to Get It Implemented?	Where Can It Be Applied?	Existing Structure in Place or Requires New Structure to Administer
Additional Transportation Sales Tax [1]	1/4 to 1/2 Cent Sales Tax	$117 - $234	SANDAG	2/3 Voter-Approval	Regional	Existing Structure
Vehicle Registration Fees	$2 Per Vehicle	$5	County (acting as APCD)	Currently Implemented, Funds Distributed Via a Competitive Selection Process	Regional	
Transit Center User Fees	$3 Per Parking Space Fee (range based on existing and planned spaces at park and ride lots)	$1 - $2	SANDAG/ Transit Agencies	SANDAG/ Transit Agency Policy	Regional	Requires New Structure
Parcel Taxes [2]	$50 to $100 Per Parcel	$35 - $70	Local Jurisdictions	2/3 Voter-Approval	Local/ Regional	Existing Structure
Payroll Taxes [3]	0.34% to 0.66% of all County Wages and Salaries	$175 - $340	Local Jurisdictions	2/3 Voter-Approval	Local/ Regional	Requires New Structure [4]
Rental Car Fees [5]	1% to 5% Fee on Gross Rental Car Revenue	$2 - $10	None Currently	New State Legislation	Local/ Regional	Requires New Structure
Benefit Assessment Districts	TBD [6]		Local Jurisdictions	Nexus Study and Local Agency Approval	Local/ Regional	Requires New Structure
Parking Assessment Districts			Local Jurisdictions	Nexus Study and Local Agency Approval	Local/ Regional	Requires New Structure
Development Impact Fees and Exactions [7]			None Currently	New State Legislation	Local/ Regional	Requires New Structure
Community Facilities Districts [8]			None Currently	New State Legislation	Local	Requires New Structure
Tax Increment Finance [9]			None Currently	New State Legislation	Local	Requires New Structure
Real Estate Transfer Taxes [10]			Local Jurisdictions (other than charter cities)	New State Legislation	Local/ Regional	Existing Structure
			Charter Cities [11]	2/3 Voter-Approval	Local	Requires New Structure

(1) Pursuant to Rev. & Tax Code § 72511.1 the cities and the County are capped at 2% aggregate for all local sales taxes. With the current 8.25% state tax rate, there is a maximum available tax rate for the cities and the County of 10.25%. All of the cities and the County have the capacity to add at least another 1/2% before reaching the maximum. The only area of the state that has exceeded this 2% cap is Los Angeles. This was accomplished via SB 314 (2003), which gave LA County the ability to exclude its transportation sales tax from the 2% limit imposed by § 72511.1.

(2) Based on the Alameda-Contra Costa Transit parcel tax rate of $96 per parcel (recent 2008 measure doubled existing $48 parcel tax for transit services).

(3) Wage and salary information from the California Employment Development Department (EDD). Tax range based on the New York MTA rate of 0.34% and Portland's Tri-Met rate of 0.66%. However, Portland does not have a transit sales tax measure.

(4) Existing legislation may allow cities to institute a type of tax known as an "occupation" tax, which is a tax on employees rather than employers.

(5) Rental car fees are currently being charged on gross rental car revenues under the California Tourism Marketing Act. These dollars are spent at the state level by the Office of Tourism. Sample rate taken from the New York MTA recent rental car fee at 5% of gross revenues.

(6) These measures would require more research given the wide range of implementation strategies within each jurisdiction; previous estimates prepared for the 2030 RTP are out-of-date given the significant economic changes that have occurred since then.

(7) Development Impact Fees could only be applied to transit capital expenses and not operating expenses. Local jurisdictions have the authority under the Mitigation Fee Act to impose a fee for transit capital, but new legislation would be required to allow the funding to be used for transit operations.

(8) Any city can establish a Community Facilities District (CFD) under the Mello-Roos Law. However, it appears that statutes do not currently allow use of CFDs to fund transit operations.

(9) Tax Increment Financing can only be used to fund capital purchases. Current law allows redevelopment agencies formed by cities and counties to use this type of funding for transit capital projects in highly populated areas with the finding of blight. New state legislation would be required to amend the Community Redevelopment Law to authorize funding for transit operations. New state legislation would also be required to amend the Community Redevelopment Law to authorize funding for transit capital in areas with a population under the current threshholds (4 million in the County or 500,000 in a city).

(10) Currently the maximum tax is being assessed ($0.55 per $500, which is split evenly with $0.55 per $1,000 for each city and $.55 per $1,000 for the County). Any additional tax increase for non-charter cities would require new state legislation.

(11) A charter city can forgo its right to half of this tax (known as a "conforming tax"), and subsequently can levy a "nonconforming tax" in its place. There does not appear to be a limit on the amount a charter city can charge for a so-called nonconforming tax. Current examples of this practice vary and are as high as $15 per $1,000 in Berkeley and Oakland to $1.10 per $1,000 in Riverside.

Transit Center User Fees

Parking structures and other facilities located at premium, rapid bus, and rail stations often are at or near capacity. A potential revenue source would be to establish user fees at these facilities. While user fees can help manage the use where parking supply is constrained relative to demand, care must be exercised to develop a fee structure that does not discourage use of the bus or rail service to the point that it significantly reduces ridership. Based on a daily, flat parking fee of $3 levied on weekday nontransit passholders (assuming current parking occupancy), this type of fee could generate in the range of $1 million per year (existing number of park and ride spaces) to $2 million per year (future parking spaces included in the 2030 Regional Transportation Plan). SANDAG and the transit agencies currently have the authority to implement user fees; however, this would require a new program structure to administer since no fees are currently collected.

Parcel Taxes

Property taxes on land and building values are generally the principal source of revenue for local governments. Portions of local property taxes are authorized widely for use by special districts and authorities, including transit agencies and school districts. Unlike real estate transfer taxes (discussed below), property taxes can provide an annual versus one-time funding source for public transit. Traditionally, support for public transportation has been derived from sources other than property tax to avoid competition with other basic public services such as health, education, police, and fire protection. However, with existing sources of transit funding being reduced or eliminated, parcel tax assessments for transit could provide a valuable tool to reduce the gap between operating costs and revenues. Based on a range of $50 to $100 assessed on each parcel, this type of tax could generate between $35 and $70 million for transit operations. Local jurisdictions have the authority to implement a parcel tax, but it would require two-thirds voter approval. The existing programmatic structure in place could be used to collect such a tax should it be levied in the County.

Payroll Taxes

A transit payroll tax involves a tax imposed directly on an employee or employer based on gross wages regardless of whether the employee uses transit or not. The Portland, Oregon payroll tax is levied by the Tri-County Metropolitan Transportation District (TriMet) and the Lane County Mass Transit District (LTD), while a similar payroll tax is levied by the New York MTA. Unlike a commuter benefits ordinance, which has the advantage of encouraging public transit ridership, a payroll tax has the potential to cover unsubsidized gaps in operating costs and revenues. Existing legislation may allow cities in San Diego County to institute a type of tax known as an "occupation" tax, which is a tax on employees rather than employers (as is the case under the Portland TriMet and New York MTA payroll taxes). Where similar payroll tax percentages were applied countywide under the "occupation" tax using the 0.34% TriMet and 0.66% New York MTA examples, this type of funding source could generate in the range of $175 to $340 million for transit operations. Such a tax would require two-thirds voter approval to implement.

Rental Car Fees

Rental car fees, more commonly found in rental agreements that originate at airports, are levied in jurisdictions across the United States. While these fees are sometimes used to pay for facilities directly associated with the airport (parking structures or new terminals, for example) some jurisdictions levy these fees to pay for facilities that are not associated with airport improvements,

such as stadium expansions or renovations. An option would be to establish rental car fees that provide funding for transit system operations as mitigation for their contribution to congestion on the local street and highway network. These rental car fees could be extended to rental car agreements originating at locations other than airports. SANDAG does not have the authority to impose rental car fees, and so new legislation would be required to allow SANDAG or any local jurisdiction to impose such a fee for transit operations. However, if legislative changes were implemented and rental car fees were imposed at a rate of 1 percent to 5 percent (based on a recent New York MTA rental car fee of 5 percent), between $2 and $10 million could be generated for transit operations.

Benefit Assessment Districts

Benefit assessment districts allow a public agency to construct and maintain improvements, such as traffic signals, parks, and others. Project costs are assessed within the boundaries of the designated benefit area of the county or city. Benefit assessment districts have several advantages in that they: tie financing of specific projects to beneficiaries; allow different levels of infrastructure and services to vary with different demands for these public goods; and allow an area that wants better infrastructure the ability to fund desired improvements itself. However, there are certain disadvantages. These include potential fragmentation of infrastructure and services, varying between those areas that want to pay for the improvements and those that do not. Local jurisdictions have the authority to create benefit assessment districts. A nexus study and local agency approval would be required and would require a new program structure to administer.

Parking Assessment Districts

Parking assessment districts would allow the region to assess fees on certain parking spaces within defined areas. A surcharge or fee on parking spaces through parking assessment districts in congested areas, such as downtown San Diego or other major employment centers, would help raise additional revenue and reduce traffic congestion. Local jurisdictions have the authority to create parking assessment districts, but a nexus study and local agency approval is required. Additionally, any new assessment district would require a new program structure to administer.

Development Impact Fees and Exactions

Development impact fees (DIF) are fees collected by local agencies to grant development permits that are tied to certain infrastructure improvements. The DIF also could be a vehicle to fund regional transportation mitigation projects. An analysis of these options must include recognition that DIFs may be opposed by the development community as additional fees would increase their cost of doing business. Public agencies also may find it hard to bond against projected DIF revenue since the revenues materialize only once the development is implemented. DIFs currently can only be applied to transit capital expenses and not operating expenses. Local jurisdictions have the authority under the Mitigation Fee Act to impose a fee for transit capital, but new legislation would be required to allow the funding to be used for transit operations.

Community Facilities Districts

Community facilities districts (CFDs) are allowed under the provisions of California Government Code Section 53311 (known as the "Mello-Roos Community Facilities Act of 1982). Districts formed under this act are more commonly referred to as "Mello-Roos" districts, "community facilities districts or "CFDs." The Act allows public agencies and cities to form a CFD to fund capital

infrastructure and services; however, it appears that statues do not currently allow the use of CFDs to fund transit operations.

Tax Increment Financing

Tax increment financing (TIF), in contrast to DIFs, is made up of two components. The first is base revenues, which are the property taxes collected based on existing assessed property values. The second component is the tax increment, which represents the new revenues in excess of the base revenues that are generated based on the higher assessed value of the new development. TIFs can only be imposed by cities and the County, but may be opposed by local agencies as they limit the amount of revenues that are collected in an area positively impacted by the construction of infrastructure, in this case, transportation improvements. A mitigating action in the creation of TIFs is that the local agencies could keep the tax increment upon completion of payment of the financing of the transportation infrastructure.

TIF only can be used to fund capital purchases. Current law allows redevelopment agencies formed by cities and counties to use this type of funding for transit capital projects in highly populated areas. New state legislation would be required to amend the Community Redevelopment Law to authorize funding for transit operations. New state legislation also would be required to amend the Community Redevelopment Law to authorize funding for transit capital in areas with a population under the current thresholds (4 million in the County or 500,000 in a city).

Real Estate Transfer Taxes

Real estate transfer taxes (RETT), also referred as deed recordation taxes, are imposed on the sale or transfer of real property. The fees usually are based on or measured by the consideration paid for or the fair market value of the real estate. Thirty-five states already use RETTs to generate revenue. Some of the uses in other jurisdictions in California and Oregon for revenues derived from RETTs include: affordable housing programs, open space, parkland acquisition and maintenance, and transportation infrastructure. In California, RETTs may be imposed only at the local level by cities and counties. The level of revenues generated depends on the rate, though in the San Diego region, the high level of real estate valuations also would influence the amount of revenues. California law allows up to a maximum of $0.55 per $500 of the value of the property being conveyed. There may be some opposition to the imposition of these RETTs precisely because property owner tax bills may be considered high due to these higher property values.

Currently, the maximum tax is being assessed at $0.55 per $500, which is split evenly with $0.55 per $1,000 for each city and $0.55 per $1,000 for the County. Any additional tax increase for noncharter cities would require new state legislation. Additionally, a charter city can forgo its right to half of this tax (known as a "conforming tax") and subsequently can levy a "nonconforming tax" in its place. There does not appear to be a limit on the amount a charter city can charge for a so-called nonconforming tax. Current examples of this practice vary from $1.10 per $1,000 in Riverside and as high as $15 per $1,000 in Berkeley and Oakland.

Advertising

Advertising can provide a source of income with minimal associated overhead costs. Revenues from advertising typically flow directly or indirectly to the operating agencies from single or multiyear advertising contracts. Advertising revenue opportunities can include both electronic and print formats, with print ad opportunities on both buses and at transit stations. Revenue from advertising is typically modest, from 0.1 percent to about 3.0 percent of operating revenue. A targeted

advertising strategy focused on station naming rights for new transit services (such as the planned bus rapid transit/rapid bus stations, for example) could present the opportunity to help subsidize operations or maintenance costs at these stations. Any new transit advertising strategy would need to be consistent the SANDAG Board Policy No. 034 on Advertising.

SECTION 6: OTHER POTENTIAL FUTURE FEDERAL/STATE FUNDING OPPORTUNITIES

Beyond possible new regional and local funding sources covered in the previous section, this chapter evaluates potential future opportunities to develop new federal or state funding sources. These include possible changes or new programs in the next federal authorization measure, leveraging of new climate change legislation, public/private partnership opportunities, and transit/social service transportation coordination.

Next Federal Surface Transportation Authorization Measure

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) is set to expire on September 30, 2009, setting the stage for a new transportation authorization. As in previous authorizations, a step increase in the amount of funding is anticipated; however, it should be noted that federal transit formula funds cannot be used directly for operations of transit services. In order for the new authorization to offer meaningful operations assistance to transit agencies, a dedicated revenue source for transit operations through set-aside funds or a revised revenue-collection method that benefits transit operations would need to be included. Increased funds to rehabilitate existing infrastructure also would need to be identified to mitigate the transit agencies' difficult choice to defer preventive maintenance and rehabilitation in favor of operations (preventative maintenance). More money under the existing mechanisms would provide additional funds for capital projects, but additional flexibility in the use of the funds also would be beneficial.

Assembly Bill 32 Scoping Plan – Cap and Trade Options

California is working closely with other states and Canadian provinces in the Western Climate Initiative (WCI) to design a regional cap-and-trade program that can deliver reductions of greenhouse gas (GHG) emissions throughout the region. The California Air Resources Board (CARB) is expected to develop a cap-and-trade program for California that will link with the programs in the other WCI partner jurisdictions to create a regional cap-and-trade program. The San Diego Association of Governments (SANDAG) will coordinate with CARB to ensure that transit is made eligible to receive credits/allocations through such a program.

Additionally, the United States (U.S.) Senate will consider the American Clean Energy and Security Act (ACES) later this year after it was passed by the U.S. House of Representatives in June 2009. The legislation would establish an economywide, GHG cap-and-trade program that would reduce aggregate GHG emissions for all covered entities to 3 percent below their 2005 levels in 2012, 17 percent below 2005 levels in 2020, 42 percent below 2005 levels in 2030, and 83 percent below 2005 levels in 2050. Emission allowances will be distributed, allowing covered entities the ability to pollute up to a certain amount; in the initial years of the program, approximately 20 percent of allowances are auctioned. This percentage would increase over time to about 70 percent by 2030 and beyond. Covered entities needing to increase their emissions allowance must buy additional allowances. Language included in the House version of ACES would allow states to allocate up to 10 percent of the allowance revenue created under a cap-and-trade program toward public transportation and transportation infrastructure that reduces GHG emissions. Measures addressing several energy issues, many of which are addressed under ACES, will likely be combined to create

the Senate counterpart to the ACES. If the Senate passes this combined bill, differences between the Senate and House bills would have to be reconciled, with the final bill passed by both houses, before the bill could be sent to the President and signed into law.

Transit Operations and Protection Plan

For state highways, California has a State Highway Operation and Protection Program (SHOPP), which sets aside state transportation funds for the ongoing maintenance of the state's highway system. By state law, these expenditures are given priority over new construction and are funded "off the top" of the State Highway Account before any funding for new construction projects is allocated. A similar program, a local Transit Operation and Protection Program (TOPP), potentially could be created for transit (no such program currently exists).

In order to pursue any of these alternative funding sources, SANDAG would need to commit to the following actions:

- Work with the California Transit Association, American Public Transit Association, and other advocacy groups to ensure that transit operations and maintenance are no longer diverted to other programs and that fund levels are increased over time.
- Determine the feasibility of a TOPP to increase the priority for transit operations and maintenance funds.
- Based on this feasibility analysis, one option may be to develop a local funding source, in conjunction with Metropolitan Transit System (MTS) and North County Transit District (NCTD), as part of the potential Quality of Life initiative that will create a TOPP. Another option would be to work with other transit agencies, regional transportation planning agencies, and other metropolitan planning organizations to create a statewide TOPP.
- Continue to work closely with MTS and NCTD to improve transit cost-effectiveness while increasing service along key corridors.

These four options represent "off-the-top" funding alternatives that can help ensure that adequate transit operating funds are identified, prioritized, and programmed into the annual budget process.

System Coordination and Public/Private Partnerships

Beginning with a mandate included in SAFETEA-LU, SANDAG now incorporates overall system coordination in the Coordinated Plan. This entails the evaluation of transportation provided by both public transit *and* social service transportation providers. With the evaluation of social service transportation now part of the overall planning framework, opportunities have begun to arise regarding potential opportunities for social service and public transit coordination. These opportunities have the potential to reduce costs through use of the most appropriate vehicle to fit the service need and through the pooling of maintenance and insurance. Additionally, the Consolidated Transportation Services Agency (CTSA) for the San Diego region, Full Access and Coordinated Transportation (FACT), has successfully received funding under SAFETEA-LU to develop a coordinated approach to regional mobility management. SANDAG manages the CTSA contract and has committed to update the 2008–2012 Coordinated Plan to take full advantage of regional investments in transportation coordination.

Under the 2008–2012 Coordinated Plan, opportunities also may exist for public/private partnerships within the transit system. One potential example of this is first- and last-mile services that provide access to job sites from regional rail and bus rapid transit services. Options should be explored where the nonprofit social service or private sector could make use of existing and under-utilized resources (e.g., existing employer shuttles) to provide first- and last-mile service. Care would need to be exercised so that partnerships would not lead to reduced transit ridership due to service and/or fare changes outside regional control.

Appendix A: Public Comments and Reponses

Appendix A: Transit Impediments Study Comments and Responses

#	Date	Form	Comment	Response
1	06/09/2009	Email	Sent tracked changes version of the study noting clarifications to several sections.	Comments noted and included in the final report.
2	06/22/2009	Mail	It is in my opinion that San Diego has ignored public transit in favor of the automobile. Today, the realization that most people are becoming aware of is, the automobile and its infrastructure are finite. San Diego should use this financial and economic crisis to discover new ways to serve the public without raising fees. Government and government resources should benefit the public. With this in mind, I ask you to do anything that is legal and in the interest of the citizens of San Diego regarding the improvement of public transportation. I have lived in Tokyo, Japan where the average person does not need an automobile. This is due to the efficiency and convenience of public transportation. There are many additional benefits for a city with a good public transportation system. First, there are fewer deaths due to traffic accidents and persons driving impaired. Secondly, if planned well, a public transportation system can develop both business and real estate, thus raising tax revenues. City services and other needed infrastructure improvements can be centered around public transportation hubs and reduce the need to provide much needed land for parking. There are many, many more benefits for a city with a well planned, funded, and integral public transportation system. I ask that you do anything and everything in your power to make San Diego a city where an automobile is not a necessity. I understand that this is a daunting task, but I believe that the people of San Diego are worth it.	Comment noted.
3	06/23/2009	Email	Concerned over recent proposals to raise fares and to cut service for public transportation. Cited role of public transportation in curbing pollution, alleviating parking needs, building communities, and saving money.	Comment noted. Parking and land use discussion now added to Section 3 of the final report.
4	06/23/2009	Phone	Suggested that transit should be designed to increase ridership and so that it is a viable alternative to the auto. Added that transit needs to be convenient for riders, especially for people with disabilities.	Comment noted.
5	06/23/2009	Email	Suggested that transit service should be offered for free to reduce loading times. Also noted that wheel chair only routes should be provided. Noted that means of paying for these changes be covered by a $5 floating tax on gasoline for five years. Also suggested that driver wages be increased.	Comment noted.
6	06/24/2009	Mail	I appreciate the Transit Impediments Study completed by San Diego Association of Governments (SANDAG) as part of the 2007 Regional Transportation Plan settlement agreement. The study comprehensively covered the current and potential financial and ridership obstacles in San Diego's transportation system. I made statements during the Transportation Committee's June 20th public hearing on the issue, and I am pleased to provide my full comments for your consideration below. New funding sources are the absolute key to stabilizing and eventually strengthening San Diego's transit system. Current formulas, restrictions and the general availability of money seem to almost cripple us from securing more from the sources with which we are most familiar. Reading how tied the hands of local agencies are confirmed for me how efficient SANDAG, MTS and NCTD have been with the funding streams. At this critical juncture, when our services are being cut and passenger fares are being increased in the face of budget challenges, it is absolutely imperative that we pursue all funding options outlined in the study, at least through a preliminary investigatory phase. The study clearly stated on page 14, "As the (continued on next page)	Study updated reflect the comments regarding the 5307 and 5310 FTA programs.

#	Date	Form	Comment	Response
6	06/24/2009	Mail	(continued) transit agencies have to cut service to accommodate decline in other funds, their relative share of the national program also could be cut." It is therefore inappropriate and shortsighted to eliminate any options at this time. Some proposals that may seem illogical for some jurisdictions may fit well with others, and SANDAG should take its role as the regional planning agency seriously in moving forward for the benefit of all of San Diego without distractions of NIMBYism or personal preference. I was impressed by the possibilities considered in this study for new funding streams, including the benefit assessment districts. Some board members may hesitate allowing residents to consider assessments for transit. Many denser, urban neighborhoods, including those I represent, already tolerate transit. Residents in these areas may be willing to pay an assessment to improve the service so it works better for them, both directly and by decreasing congestion and changing surrounding land use. We must also actively pursue ongoing federal transit operations funding as our congressional delegation discusses and develops MAP-21. We need to be lobbying in unison for more money overall in MAP-21; the amount authorized currently is not and will not be enough. Beyond that, championing additional flexibility in how funds can be used should be a priority. I found the idea of a local Transit Operation and Protection Program which would prioritize ongoing maintenance and operations of current systems over new projects quite intriguing, and I would appreciate seeing that pursued. I also want to applaud the discussion of coordinating our transit system with social services and would like to add major employers and business groups to that potential coalition. I completely agree that we can have a far more workable system if we do not operate in a vacuum. My thorough review of the study did yield a few questions, and responses to these, either formally or operationally, could benefit the transit system and its riders. The study suggested that the San Diego region could be hurt by our higher costs of doing business as related to the "cost per revenue mile" formula. Is this an obstacle we need to accept or an item that could be addressed in the federal transportation reauthorization bill? Could the concern that Section 5310 Formula Funds for Service to Elderly Individuals and Individuals with Disabilities that MTS and NCTD cannot be provided with certainty"… that the nonprofit agency is the most qualified or most cost-effective choice" to serve as a contractor for elderly and disabled transportation be addressed with more oversight, tighter application processing or another administrative option? Though this is very minor money, it seemed like this could be somewhat easily remedied. To involve the public more deeply in this conversation, I shared information about the Transit Impediments Study with my friends and neighbors. Some may have offered their input directly to SANDAG, and I am attaching online comments I received for your information. Again, I appreciate the effort that went into the Transit Impediments Study and am grateful for the foundation it provides to move this conversation and our transit system forward.	
7	06/25/2009	Email	From the Findings and Declarations of SB518, by State Senator Lowenthal, comes the following information: "In the short term, changes to parking policy can reduce traffic congestion and greenhouse gas emissions more than all other strategies combined, and they are usually the most cost-effective approach." Good parking policy changes (unbundling the cost of car parking) will greatly increase transit ridership. Your document needs to address car-parking policy reforms that will boost ridership. On a less-important note, I see a link between your Table 2, Factors Influencing Interest in Future Riders, on Page 20, and what was left out (!) of your Technology Enhancement, on Page 24, which is the Transit District's Compass Card program. As I hope you realize, although we may need pay stations and 1-day RFID tickets for a time, this approach to parking and using transit will quickly go the way of the phone booth. Once it becomes true that essentially all parkers and riders have valid RFID mailing accounts, a whole new world of marketing and targeting service will open up to the transit districts. Too often, government fails to use system engineering and the latest technology. We are all losers because of this. (continued on next page)	Comment noted. Parking and land use discussion now added to Section 3 of the final report. A discussion of the Compass Card has also been added to Section 3 under "Technology Enhancements."

#	Date	Form	Comment	Response
7	06/25/2009	Email	(continued) Please update your vision of near-future transit technology by incorporating the attached file into your Transit Impediments Study.	
8	06/26/2009	Email	I have been a bus rider for many years in several cities and have thought a lot about transit planning and policy. I have chosen bus travel, despite having the financial ability to drive a car. As the cost of my bus pass goes up, I think about those who cannot afford these increases, please also consider them in your future actions.	Comment noted.