Attachment C
RTP/SCS - Needs Projections Approach
Transit Operating Needs

Overview:
The region's long-range plan, Regional Transportation Plan/Sustainable Community Strategy (RTP/SCS) requires the calculation of both the transit operating and capital needs for the region's transit network. This memo outlines the planned approach for the transit operating needs and revenue projections.

On January 5, 2011, MTC staff distributed a survey to the region's transit operators for information on current service levels, planned service changes, existing operating costs, planned costs, existing and planned revenues over the period of the plan, from FY2010-11 through FY2039-40. The deadline to receive the completed surveys is February 16, 2011.

Approach:

The approach will be iterative in nature and the plan is to make refinements as economic and other conditions change prior to finalizing the RTP/SCS in 2013, because staff recognizes the uncertainty involved in developing future revenue, operating and service projections.

MTC has undertaken the Transit Sustainability Project (TSP), a comprehensive analysis of the existing system focused on service design and delivery, financial viability, and decision-making structures. Recommendations from the TSP may influence both revenue and cost projections over the planning period. As the Commission adopts TSP recommendations, staff will work with operators to revise the RTP/SCS transit operating need projections to maintain consistency with the TSP.

Operating Costs
The cost to operate and maintain existing service levels will be projected by the transit operators. MTC has requested a cost breakdown of expenses by mode (bus, paratransit, rail, etc.) and system-wide non-operating expenses including debt service by year-of-expenditure. All projections will be checked for consistency against board approved policies, adopted budget forecasts and/or most recent Short-Range Transit Plans (SRTP). Inflation assumptions will also be checked for reasonableness and consistency across similar expense categories. The cost impact of projected changes in services levels during the plan period will be taken into account only in instances where those changes are a result of the transit operators' policy directives. MTC plans on working with the operators to get clarification where they might be inconsistencies or other assumption questions.

Revenues
MTC is relying on the operators to project only revenues that are not estimated/ distributed by MTC. For planned changes, the revenue data is being considered on a per-project basis. Non-Fare Revenues include funds from schools for the provision of service exclusively to carry students to and from school, freight charges on passenger runs, and income derived from operations associated with transit (including station and vehicle concessions from vendors, on-board and in-station advertising and automotive vehicle ferriage). Other Revenues include revenues from charter service, city or county general funds, subsidies from other sectors of operation, and other federal, state, and local non-operator sources, and other operator sources.

Revenues that pass through or are typically estimated by MTC include federal grants, State Transit Assistance (STA) funds, Transportation Development Act (TDA) funds, and bridge tolls for operating and maintenance needs. Once the MTC revenue projections are complete, the funds

will be apportioned to each operator on an annual basis using existing formulas based on adopted policy and/or funding restrictions. Some fund sources are restricted by either statute or policy to either operations or capital uses, while some fund sources are flexible. MTC staff plans to assume that all flexible transit revenues would first cover operating expenses; and then surpluses, if any, will be assigned to capital replacement if there is an identified need.

If you have any questions or comments about the methodology please contact Sri Srinivasan at ssrinivasan@mtc.ca.gov.

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