

**Metropolitan Transportation Commission
Programming and Allocations Committee**

March 1, 2006

Item Number 2c

RM1 Five Percent (Unrestricted) Bridge Toll Revenues

Subject: Update on Performance Measure Policy for Ferry Operators Receiving RM1 Five Percent (Unrestricted) Bridge Toll Revenue.

Background: In July 2002, the Commission implemented a 40% farebox recovery performance measure for eligibility to claim RM1 Five Percent (Unrestricted) Bridge Toll Revenues. Historically, the Commission has allocated these funds to the City of Vallejo for its BayLink Service and the City of Alameda for its Alameda-Oakland and Harbor Bay Ferry Services. In addition, ABAG receives \$140,000 annually for Bay Trail operations. The ferry services had three years to meet the performance measure.

In April 2005, staff provided an update to the Commission on the progress of the three ferry services. Both the Vallejo and Alameda-Oakland Ferry Services surpassed the measure at roughly 55%. The Harbor Bay Ferry Service fell significantly short of meeting the requirement at 29.2%. At that time, the City of Alameda requested that the Commission extend the deadline for meeting the 40% farebox recovery by one year and outlined a plan, adopted by the City Council, that based on City Staff's projections, would allow Harbor Bay Ferry Service to meet the farebox recovery by the end of FY 2005-06. The Commission granted this extension and requested that staff provide an update prior to the FY 2006-07 programming cycle for these funds.

In July 2005, the City Council adopted a plan to increase Harbor Bay Ferry's revenues and reduce its costs. As part of this plan, the City introduced a flat \$0.50 fare increase and launched a new marketing campaign to encourage greater ridership. The City also cut its administrative costs and reduced contracted service costs.

Based on a February 2006 report provided by the City of Alameda, the Harbor Bay Service exceeds the performance measure and averaged 43.5% farebox recovery ratio for the six-month period July through December 2005. Table 1 provides additional detail on the Harbor Bay Ferry Service's operating cost, farebox revenues, and farebox recovery ratio for the six-month period.

Table 1

	July	August	September	October	November	December	Year to Date
Operating Costs	\$104,306	\$110,274	\$110,463	\$109,714	\$105,317	\$102,172	\$642,246
Farebox Revenue	\$43,864	\$49,832	\$50,021	\$49,272	\$44,875	\$41,730	\$279,594
Farebox Recovery	42.1%	45.2%	45.3%	44.9%	42.6%	40.8%	43.5%

Issues: There are no significant issues.

Recommendation: This is an information item only. Staff will provide the Commission with an annual update on the farebox recovery ratios for all three ferry services in conjunction with the proposed FY 2006-07 program, at its May 2006 Committee meeting.