



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Partnership Technical Advisory Committee

DATE: November 19, 2007

FR: Theresa Romell, Programming and Allocations

RE: Distribution Proposals for the SB717 Augmentation to STA-Population Based Funding

### **Background**

In June 2007, MTC staff was directed by the Commission to develop a consolidated formula proposal for the distribution of State Transit Assistance (STA) population-based funds. A recommendation was put forth in September of 2007 that converts the existing distribution policy for STA population-based funds to fixed percentages, beginning in FY 2008-09. The proposed policy would streamline the distribution of funds and allow all programs to share in future revenue growth.

In October, Senate Bill (SB 717) was signed into law by the Governor, resulting in a significant change to the distribution of Proposition 42 funds that flow to transit. SB 717 increased by 50 percent the share of transit funds going to State Transit Assistance (STA) beginning in FY 2008-09. Over the next 10 years, we expect that this change will result in an additional increment of approximately \$90 million in the region's share of the STA population-based funding.

### **Distribution Options**

Attached for your review and feedback are several options related to how the STA consolidated policy might be configured to account for the \$90 million SB717 augmentation to earlier anticipated funding levels. The original consolidated policy was presented at PTAC in September, and three options for adjusting the formula to account for the SB717 increment were discussed at the November meeting of the Transit Finance Working Group (TFWG). TFWG did not reach a consensus on whether to support any options, and asked to see two additional options, included on the attachment as Options 4 and 5. Since it was presented to the TFWG, MTC modified Option 3 so that Paratransit would receive fifty percent of the SB717 increment and the remaining increment would be distributed equally among the other three categories, more in line with the other TFWG proposals. The original Option 3 had distributed fifty percent of the increment to Paratransit and the other fifty percent to Lifeline.

It is MTC staff's recommendation that the STA distribution policy should allow for all investment categories to benefit in the event of new revenues; this is one of the basic goals of a consolidated policy. However, staff recognizes that Paratransit needs continue to grow, and that this investment category did not receive new funding as a result of the Proposition 1B Transit policy discussions earlier in 2007. Staff therefore believes that Option 3 comes closest to meeting the dual objectives of allowing all categories to benefit from a revenue increase while acknowledging that Paratransit should grow more to achieve an augmentation.

MTC staff is looking forward to receiving feedback from stakeholders on the attached options. Please contact Theresa Romell at [tromell@mtc.ca.gov](mailto:tromell@mtc.ca.gov) or (510) 817-5772 with any questions or comments.

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**SUMMARY OF CONSOLIDATED STA POPULATION BASED  
DISTRIBUTION PROPOSALS WITH 717 INCREMENT**

<i>ORIGINAL CONSOLIDATED PROPOSAL</i>	10-Year Total	% Share
Northern Counties/Small Operators	103,163,781	27%
Regional Paratransit	43,085,428	11%
Lifeline	122,184,829	32%
MTC Coordination/TransLink®	111,191,360	29%
<b>TOTAL</b>	<b>379,625,398</b>	<b>100%</b>

## OPTION 1:

<i>CONSOLIDATED PROPOSAL W/ 717</i>	10-Year Total	% Share	Change from Original	
Northern Counties/Small Operators	127,774,185	27%	24,610,404	24%
Regional Paratransit	53,363,742	11%	10,278,314	24%
Lifeline	151,332,830	32%	29,148,001	24%
MTC Coordination/TransLink®	137,716,796	29%	26,525,436	24%
<b>TOTAL</b>	<b>470,187,553</b>	<b>100%</b>	<b>90,562,155</b>	<b>24%</b>

All revenues - including \$90m in new SB717 funds - flow through original Consolidated Proposal, and all categories gain. No changes to percent shares.

## OPTION 2:

<i>100% OF 717 INCREMENT FOR PARATRANSIT</i>	10-Year Total	% Share	Change from Original	
Northern Counties/Small Operators	103,163,781	22%	0	0%
Regional Paratransit	133,647,583	28%	90,562,155	210%
Lifeline	122,184,829	26%	0	0%
MTC Coordination/TransLink®	111,191,360	24%	0	0%
<b>TOTAL</b>	<b>470,187,553</b>	<b>100%</b>	<b>90,562,155</b>	<b>24%</b>

All new SB717 revenues are applied to Paratransit; percent shares increase for Paratransit, decrease for all other categories (however, original funding commitments are maintained.)

## OPTION 3:

<i>50% OF 717 INCREMENT FOR PARATRANSIT &amp; REMAINING SPLIT EVENLY AMONG OTHER CATEGORIES</i>	10-Year Total	% Share	Change from Original	
Northern Counties/Small Operators	118,257,473	25%	15,093,693	15%
Regional Paratransit	88,366,505	19%	45,281,078	105%
Lifeline	137,278,521	29%	15,093,693	12%
MTC Coordination/TransLink®	126,285,052	27%	15,093,693	14%
<b>TOTAL</b>	<b>470,187,553</b>	<b>100%</b>	<b>90,562,155</b>	<b>24%</b>

SB717 increment is shared among all categories, with Paratransit receiving 50% of new revenues, remainder shared evenly. All programs increase, and percent shares shift.

## OPTION 4\*:

<i>50% OF 717 INCREMENT FOR PARATRANSIT &amp; 25% FOR LIFELINE &amp; 25% for NC/SO</i>	10-Year Total	% Share	Change from Original	
Northern Counties/Small Operators	125,804,320	27%	22,640,539	22%
Regional Paratransit	88,366,505	19%	45,281,078	105%
Lifeline	144,825,368	31%	22,640,539	19%
MTC Coordination/TransLink®	111,191,360	24%	0	0%
<b>TOTAL</b>	<b>470,187,553</b>	<b>100%</b>	<b>90,562,155</b>	<b>24%</b>

SB717 revenues are split unevenly between three categories, only Regional Coordination programs do not gain.

## OPTION 5\*:

<i>SB717 INCREMENT EVENLY DISTRIBUTED AMONG NC/SO, PARATRANSIT AND LIFELINE</i>	10-Year Total	% Share	Change from Original	
Northern Counties/Small Operators	133,351,166	28%	30,187,385	29%
Regional Paratransit	73,272,813	16%	30,187,385	70%
Lifeline	152,372,214	32%	30,187,385	25%
MTC Coordination/TransLink®	111,191,360	24%	0	0%
<b>TOTAL</b>	<b>470,187,553</b>	<b>100%</b>	<b>90,562,155</b>	<b>24%</b>

SB717 revenues are split evenly between three categories, only Regional Coordination programs do not gain.

\*Options proposed by the Transit Finance Working Group for consideration.