

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**January 9, 2008**

**Item Number 4a**

**MTC Resolution No. 3837**

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**Subject:** State Transit Assistance Population-Based Consolidated Policy: MTC Resolution No. 3837

**Background:** In June 2007, in conjunction with the approval of the Proposition 1B Regional Transit Program (MTC Resolution 3814), 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 that converted the existing distribution policy for STA population-based funds to fixed percentages, beginning in FY 2008-09. Staff is recommending superceding MTC Resolution 2310, the STA Allocation policy, to memorialize this change. Other non-substantive edits are also made to other sections of the policy related to general STA allocation process.

In October, Senate Bill 717 (SB 717) was signed into law 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 Proposition 42 transit funds going to State Transit Assistance (STA) beginning in FY 2008-09; or an estimated \$90 million increase for the population-based revenue for the 10-year period. MTC staff posed the question to stakeholders as to whether the increment that will come to our region as a result of SB 717 should flow through the original proposed consolidated percentages or be used to improve the position of certain categories.

**Summary:** Staff is forwarding two options for Committee consideration. Option 1 is the original consolidated percentages consistent with the Proposition 1B program adopted in June 2007. Option 2 is the Partnership Board recommendation, which adjusts the original consolidated percentages by providing an estimated \$30 million of the SB 717 increment each to Northern Counties / Small Operators and Regional Paratransit and the remaining \$30 million split equally among Lifeline and the Regional Coordination program.

	Option 1	Option 2
<i>CONSOLIDATED PROPOSAL</i>	% Share	% Share
Northern Counties/Small Operators	27.2%	28.3%
Regional Paratransit	11.3%	15.6%
Lifeline	32.2%	29.2%
MTC Regional Coordination	29.3%	26.9%
<b>TOTAL</b>	100%	100%

Supplemental information including an overview of each of the distribution categories and an analysis of the demographic make-up of the populations served in each category was requested by the Committee and by various MTC advisory committees. This information was prepared by staff and is provided in the attached memorandum.

**Issues:**

- 1) MTC staff will be presenting this item at several of the advisory Committee meetings in January including the Elderly and Disabled Advisory Committee, the Minority Citizens Advisory Committee and the MTC Advisory Council. Additional feedback or recommendations received will be presented at the Programming and Allocations Committee meeting.
  
- 2.) The consolidated policy covers STA base funding as well as the Proposition 42 increment that flows to the STA population-based program. While the revenue projections used to develop the consolidated policy were conservative, and growth is more likely, there remains the potential for Proposition 42 to be suspended. Proposition 1A partially mitigated this risk by limiting suspensions to twice in a 10-year period and requiring a payback. Spillover funds are not included as part of this STA distribution policy, and are committed to the Lifeline, Northern Counties/Small Operators, BART to Warm Springs, eBART, and SamTrans categories, as identified in Resolution 3814, until commitments are met.

**Recommendation:** Refer Resolution No. 3837 to the Commission for approval.

**Attachment:** Deputy Executive Director’s Memorandum  
MTC Resolution No. 3837



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Programming and Allocations Committee

DATE: January 9, 2008

FR: Deputy Executive Director, Policy

RE: State Transit Assistance Population-Based Distribution Policy

In June 2007, staff was directed by the Commission to develop a consolidated formula proposal for the distribution of State Transit Assistance (STA) population-based funds in conjunction with the approval of the Proposition 1B Regional Transit Program (MTC Resolution 3814). MTC staff developed an initial proposal that converted the existing distribution policy for STA population-based funds to fixed percentages, beginning in FY 2008-09.

In October, Senate Bill (SB 717) was signed into law resulting in a 50 percent increase in the share of Proposition 42 funds going to the State Transit Assistance (STA) program 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.

### **Consolidated Policy Options**

MTC asked stakeholders to consider if it would be best to flow the SB 717 increment through the consolidated policy as it had been originally developed, or whether it would be better to use the increment to improve the position of certain categories in recognition of the fact that not all categories—namely Regional Paratransit—received an augmentation to their existing funding through the adoption of the Proposition 1B Regional Transit Program.

Staff is forwarding two options for Committee consideration. Option 1 is the original consolidated percentages consistent with the Proposition 1B program adopted in June 2007. Option 2 is the recommendation forwarded by the Partnership Board that adjusts the original consolidated percentages by distributing one-third of the \$90 million SB717 increment to the Northern Counties/Small Operators, one-third to Regional Paratransit, one-sixth to the Lifeline Program, and one-sixth to Regional Coordination.

<i>CONSOLIDATED PROPOSAL</i>	Option 1		Option 2	
	10-Year Total	% Share	10-Year Total	% Share
Northern Counties/Small Operators	127,774,185	27.2%	133,351,166	28.3%
Regional Paratransit	53,363,742	11.3%	73,272,813	15.6%
Lifeline	151,332,830	32.2%	137,278,521	29.2%
MTC Regional Coordination	137,716,796	29.3%	126,285,052	26.9%
<b>TOTAL</b>	470,187,553	100%	470,187,553	100%

The Partnership further recommended that the consolidated distribution policy only be put in place for the ten-year period corresponding to the duration of Prop 1B transit funds and the STA funds included in the consolidation policy, and that in the course of Transportation 2035 discussions the Commission explore the possibility of re-directing funding from the SB 717 increment to other regional priorities such as the transit capital maintenance shortfall, after the ten-year period is complete.

**Supplemental Information**

Staff presented the two options described above to the Programming and Allocations Committee in December 2007 and was directed by the Committee to provide supplemental information including an overview of the four categories within the proposed STA population-based funding distribution and further analysis on the demographic makeup of the populations within them. The Committee deferred action on this item until January in order to allow time for staff to prepare the requested analysis and to allow MTC advisory committees sufficient time to study the options being considered so that they could provide the Committee with their recommendations.

STA Population-Based Funding Categories:

Beginning in FY 2008-09, Bay Area STA population-based funds are proposed to be distributed to the categories listed and described below. The proposed consolidated policy would convert the apportionment to each of the categories and within the categories to fixed percentages.

- **Northern Counties / Small Operators:** Includes funding for transit operations in the counties of Marin, Sonoma, Solano, and Napa. Funding apportionments to the Northern counties are based on each county's proportional share of the region's population. Funding apportionments to the small operator service areas reflect the relative population of the service area compared to the population of the southern five counties. Transit operators receiving money in these Northern Counties include CCCTA, ECCTA, LAVTA, Union City, and WestCAT.
- **Regional Paratransit Program:** Funding within this category is apportioned to the nine counties in proportion to each county's share of the region's transportation disabled population as determined by the 1990 Regional Paratransit Plan. The funds are to be used only for services to meet requirements of the Americans with Disabilities Act.

- **Lifeline:** The Lifeline Transportation Program is intended to improve mobility options for low-income residents in the Bay Area by funding transportation projects designed to address their transportation needs. Funding within this category would be apportioned to the nine counties in proportion to each county's share of population that is below the poverty line.
- **MTC Regional Coordination Program:** STA Population Based funds are made available for regional coordination activities such as the implementation of TransLink®, Transit Connectivity, and 511.

Demographic Analysis:

The following figures provide an order of magnitude of the populations that are affected by each of the funding categories in the STA program:

<b>Transit Rider Demographics</b>	<b>Annual Riders (Millions) (a)</b>	<b>% Low Income<sup>1</sup> (b)</b>	<b>% Minority<sup>2</sup> (b)</b>	<b>Relevant to STA Funding Category</b>
Bay Area Transit Riders (Fixed Route)	480	27%	67%	<ul style="list-style-type: none"> <li>• MTC Regional Coordination Programs</li> <li>• Lifeline</li> </ul>
Northern County / Small Operator Transit Riders	22	61%	38%	Northern Counties / Small Operators
Paratransit Riders	4	Not Available	Not Available	Regional Paratransit Program

*Sources: (a) March 2007 Statistical Summary of Bay Area Transit Operators, FY 2005-06*

*(b) 2007 Transit Demographic Survey*

*1) Low income defined as annual household income below \$25,000.*

*2) Total of minority and non-minority riders is greater than 100% in the transit demographic survey due to multiple responses being allowed.*

For the four programs in the STA program, the Northern Counties and Regional Paratransit are most closely aligned with the 22 million and the 4 million population figures, respectively, as shown in the table above. The Regional Coordination programs are more closely aligned to total fixed route numbers since services provided could reach transit users region-wide, or roughly 480 million transit riders. It is important to note that Lifeline funding is not limited to fixed route services under the current program structure. However, to the extent that the Lifeline dollars are eligible for fixed route, it would align with overall Bay Area figures.

Paratransit:

The transit demographic survey that was completed in Spring 2007 provided information on fixed route transit services; however, demographic information was not collected for paratransit services. Though information for paratransit users is not available from the demographic survey, according to 2000 U.S. Census data the percent of disabled individuals that are low-income is 22% and the percent minority is 49%. This compares to a total Bay Area population that is 15% low income and 54% minority. If paratransit users follow the same demographic pattern of Bay Area transit users in general, then the percent of low income and minority users of paratransit is probably much higher than in the region-wide disabled population.

<b>Bay Area Demographics</b>	<b>% Low Income<sup>1</sup></b>	<b>% Minority</b>
Total Bay Area Population	15%	54%
Bay Area Disabled Population	22%	49%

*Source: U.S. Census (2000)*

*1) Low income defined as annual household income below 150% of the federal poverty level*

**Recommendation**

Staff will be re-presenting this item, along with the supplemental information category definitions and demographics, at several advisory committee meetings in January including the Elderly and Disabled Advisory Committee, the Minority Citizens Advisory Committee and the MTC Advisory Council. Staff will update the Committee on any feedback or recommendations received at these meetings.

Staff recommends that the Programming and Allocation Committee refer MTC Resolution No. 3837, as modified to incorporate the selected option for the STA Consolidated Policy for Population-Based funds, to the Commission for approval.

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Therese W. McMillan

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Date: January 23, 2008  
W.I.: 1514  
Referred By: PAC

ABSTRACT

Resolution No. 3837

This resolution establishes a policy for the programming and allocation of State Transit Assistance (STA) funds, made available under the provisions of Public Utilities Code Sections 99313 and 99314.

This resolution supersedes Resolution No. 2310.

Further discussion of this action is contained in the "Executive Director's Memorandum dated January 9, 2008.

Date: January 23, 2008  
W.I.: 1514  
Referred By: PAC

Re: Adoption of MTC's State Transit Assistance Programming and Allocation Policy.

METROPOLITAN TRANSPORTATION COMMISSION

RESOLUTION NO. 3837

WHEREAS, State Transit Assistance (STA) funds are to be used to enhance public transportation service, including community transit service, and to meet high priority regional transportation needs; and

WHEREAS, the Metropolitan Transportation Commission (MTC), as the Regional Transportation Planning Agency for the San Francisco Bay Area, is responsible for the allocation of STA funds available to eligible claimants in this region; and

WHEREAS, MTC adopted an STA Allocation Policy in Resolution No. 2310 in 1991; and

WHEREAS, MTC Resolution No. 3814 directed staff to revise the STA Allocation Policy to incorporate changes in distribution formulas and to establish a consolidated percentage framework for population-based program categories; now therefore, be it

RESOLVED, that MTC adopts its State Transit Assistance Allocation Policy described in Attachment A, attached hereto and incorporated by reference, for guidance to eligible claimants in the preparation of their applications for STA funds and to staff for reviewing such applications; and be it further

RESOLVED, that the prior policy governing allocation of State Transit Assistance Funds contained in Resolution No. 2310 is superseded by this resolution.

METROPOLITAN TRANSPORTATION COMMISSION

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Bill Dodd, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on January 23, 2007.

Date: January 23, 2008  
W.I.: 1514  
Referred By: PAC

Attachment A  
Resolution No. 3837  
Page 1 of 4

## **STATE TRANSIT ASSISTANCE ALLOCATION POLICY**

### **Exhibit 1**

This policy affects all allocations by the Metropolitan Transportation Commission (MTC) of STA funds, made available under the provisions of Public Utilities Code Sections 99313 and 99314 and relevant subsections.

#### **I. Population-Based Funds (PUC Code 99313) Including Interest Earnings**

##### **A. Consolidated Percentages – Base and Prop. 42 funds**

The consolidated percentages established in this section pertain to Base and Proposition 42 funds only. The percentages by category do not apply to Spillover funds; the policy for these funds is described separately below.

##### **1. *Northern Counties/Small Operators***

27.2% (option 1) or 28.3% (option 2) of the STA Population-Based funds and interest is reserved for the Northern counties (Marin, Sonoma, Napa, and Solano) and the small operators (LAVTA, Union City, CCCTA, ECCTA, and WestCAT). These funds will be apportioned to each jurisdiction in proportion to its share of the total Northern counties/Small operators' population, as determined by the most recent State Department of Finance estimates.

As with TDA, a coordinated claim will be required if there is more than one eligible operator within those service areas.

##### **2. *Regional Paratransit***

11.3% (option 1) or 15.6% (option 2) of the STA Population-Based funds and interest is reserved for Regional Paratransit purposes to meet the region's requirements under the Americans with Disabilities Act (ADA). These funds will be distributed to each of the nine counties in proportion to each county's share of the region's transportation disabled population, as determined by the 1990 Regional Paratransit Plan and subsequent updates of that plan.

**3. *MTC Regional Coordination***

29.3% (option 1) or 26.9% (option 2) of the STA Population-base funds and interest is reserved for projects and programs that improve regional coordination, including but not limited to:

- TransLink®
- 511
- Transit connectivity

MTC will develop an annual MTC Regional Coordination program. All final programming will be reviewed and approved by the MTC Programming and Allocations Committee (PAC).

**4. *Lifeline Transportation Program (LTP)***

32.2% (option 1) or 29.2% (option 2) of the STA Population-Based funds and interest is reserved for Lifeline projects. The Lifeline Transportation Program is intended to improve mobility options for low-income residents in the Bay Area by funding transportation projects designed to address their transportation needs.

**B. *Spillover funds***

Per MTC Resolution No. 3814, starting in FY 2007-08 and continuing each year as necessary, the first available \$62 million in regional population-based Spillover funds is to be distributed as follows: \$19 million to restore program reductions to the May 9, 2007 Proposition 1B Transit staff proposal level as well as provide funding to match BART's May 9, 2007 commitment to the BART Extensions to Eastern Contra Costa and Warm Springs (*Lifeline - \$10 million, Small Operators/North Counties - \$3 million, BART Extension to Warm Springs - \$3 million, BART Extension to Eastern Contra Costa County - \$3 million*), and \$43 million to SamTrans to fulfill the Caltrain Right-of-Way settlement agreement, on a pro rata basis. For FY 2007-08, the population-based Spillover available will be net of the distribution to the Northern Counties and Small Operators per current policy.

**II. *Revenue-Based Portion (PUC Code 99314)***

Funds apportioned to the region based on revenues generated by the transit operators will be allocated for the support of fixed route and paratransit operations, for inter-operator coordination, including the cost of interoperator transfers, joint fare subsidies, integrated fares etc., and for capital projects consistent with the adopted long-range plan.

**State Transit Assistance (STA)  
Rules and Regulations  
for the MTC Region  
Exhibit 2**

These Rules and Regulations cover the eligibility requirements and the rules for a full or partial allocation of these funds.

**Eligibility Requirements**

To be **eligible for any STA funds** in the MTC region, an operator must comply with all SB 602 fare and schedule coordination requirements for the fiscal year. The evaluation of operator's compliance with the SB 602 program is made annually.

An operator's requested STA allocation may also be **partially or fully reduced** if the operator did not make satisfactory progress in meeting its Productivity Improvement Program (PIP) and/or the Regional Coordination projects for which each operator is a participant.

***SB 602 Requirements***

All SB 602 fare and schedule coordination requirements for the fiscal year must be completely satisfied. If not, operator is ineligible to receive (a) annual increment of TDA funds and (b) any STA funds. Thus, meeting SB 602 (pursuant to MTC Res. No. 2323 regulations) becomes fully obligatory.

Fare coordination revenue-sharing agreements, as specified in the annual Regional Coordination Program, must be fully executed by all participating operators and provisions of the agreement(s) must be in compliance with MTC rules and regulations.

The Regional Schedule Coordination Implementation Plan must achieve satisfactory progress according to the Implementation Plan workscope. All operators in the region have equal responsibility and accountability in ensuring satisfactory progress.

Project worksopes, implementation schedules and progress achievement for both fare and schedule coordination requirements will be reviewed annually by MTC.

STA funds **withheld** from allocation or disbursement due to non-compliance, or falling out of compliance, will be held for one quarter to provide an opportunity to come into compliance. If MTC finds that satisfactory progress is being made by the operator to comply with their SB 602 agreements, the deadline for coming into

compliance may be extended further one quarter. (In the event of non-compliance by an operator to whom STA funds have already been disbursed, disbursed funds will be requested to be returned to the STA account. If funds are not returned, an equivalent amount can be withheld from the operator's following year allocation.)

In accordance with the provisions of SB 3, withheld funds may be **re-allocated** to any eligible operator to implement an unfunded coordination project in the Regional Coordination Plan. MTC may also allocate these funds to any operator whose increase in total operating cost per revenue vehicle hour is less than the increase in the CPI.

***Progress on PIP and Regional Coordination Projects***

Each Performance Audit-based project and Regional Coordination project is evaluated based on actual progress as compared to scheduled. The Overall Performance Evaluation Score is calculated as the average of all projects.

The Overall Performance Score represents the Overall Score for Reasonable Effort and converts to a full or partial STA allocation as indicated on the following scale.

<u>Projects Progress *</u>	<u>Allocation Action</u>
Projects Completed or within 90-100% of schedule	Full allocation
Projects within 40-80% of schedule	Allocation proportional to progress
Projects between 0-30% of schedule	No allocation

(\*) Based on status of project as evaluated by MTC staff.

The amount withheld will be reviewed with the affected operator. Partial funds withheld will be held by MTC up to two years to allow an operator to comply with its PIP.

After two years, funds withheld under this section may also be **re-allocated** to any eligible operator for purposes of improving coordination, according to the unfunded coordination projects in the Regional Coordination Plan. MTC may also allocate these funds to any operator whose increase in total operating cost per revenue vehicle hour is less than the increase in the CPI.