



DATE: June 21, 2011
TO: STA Board Workshop
FROM: Elizabeth Richards, Director of Transit and Rideshare Services
RE: Solano County Transit Long Range Sustainability

Background:

The long-range financial analysis of the transit operators at status quo service levels has been identified as an issue that will be a challenge (see Attachment A) with current funding sources. These projections were prepared during the financial analysis of the countywide transit consolidation study in early 2009. Since that time transit operating revenue sources has become more constrained. In most cases, transit operators have made adjustments in terms of reducing costs and some have been able to diversify their funding sources. Nevertheless, sustaining transit service in the long-term remains a challenge.

Discussion:

TRANSIT OPERATORS FINANCIAL FUTURES

As Attachment A shows, there was great variation among operators concerning the projected shortfalls and surpluses. For FY 2012-13, Benicia and Vallejo were projected to have shortfalls the soonest (Attachment B). Subsequent to the projections, one-time federal American Recovery and Relief Act (ARRA) funds became available which helped sustain current transit services over a two year period, but this one time funding is now depleted.

With an understanding of the upcoming financial challenges of these adjacent services, these two operators concurred with the STA Board's June 2009 recommendation that these two operators consolidate. Since that STA Board action, the STA, Benicia, and Vallejo have been working diligently on the consolidation of the two cities' transit services. A joint powers agreement has been executed and a Board has been meeting since December 2010. Activities are on target for July 1, 2011 consolidation and SolTrans operation of transit services. The consolidation of service contracts will provide an immediate savings. Vallejo Transit's procurement of 21 diesel/electric hybrid local buses will help mitigate the increasing cost of fuel. An updated long-range financial analysis is in the process of being developed.

Dixon Redit-Ride, a general public dial-a-ride service costs were also projected to quickly exceed revenues (Attachment C). Successfully competing for discretionary funding in the past few years has maintained service for the time being. Long-term, this is still a concern.

Rio Vista Delta Breeze, and Fairfield and Suisun Transit (FAST) were projected to have adequate financial resources through FY2012-13 though the gap between costs and revenues is closing (see Attachment D). Vacaville City Coach has the healthiest financial outlook (Attachment E).

REVENUES

The countywide financial analysis work was completed in FY2008-09. Conditions have not significantly improved and in some cases deteriorated. A major source of transit operating funds, Transportation Development Act (TDA) funds, are based on revenue generated from sales tax. The projection for FY2011-12 is at the level TDA funds were in FY2003-04 – a 15% decrease from the peak in FY2005-06 (see Attachment B). State Transit Assistance funds (STAF) have been a volatile source of transit funds, subject to the State budget process and because of this are only minimally used for transit operating. RM2 (Bridge Toll) funds have significantly supported major intercity transit routes operating over the bridges; there is no escalation to these funds; as costs increase over time, a decreasing proportion of the routes' costs will be covered by RM2 revenues. Federal Transit Administration (FTA) funds may be used for operating by some, but not all, transit operators in Solano County. Changes at the federal level are likely to make this more difficult. There are other transit operating fund sources, but these are generally competitive in nature, are on unpredictable funding cycles and relatively small amounts.

Maintaining, or possibly increasing, ridership is important as passenger fares remain a fairly significant portion of transit operating funds. In general, 20% of fixed route operating costs must be covered by passenger fares to secure TDA funds. General public and ADA paratransit have a 10% farebox requirement. Reducing costs by reducing services must be done strategically to avoid significantly losing ridership and passenger revenue.

EFFORTS TO DATE

Solano transit operators have taken a variety of steps to respond to the financial challenges in the past few years including modifying fares and service, competing for funds, acquiring new vehicles and more. The operators and the STA have worked together to create an Intercity Transit Funding (ITF) agreement which has provided stability for the seven major intercity routes; FY 2011-12 will be the sixth year of the ITF agreement.

An update at the countywide I-80/I-680/I-780/Hwy12 Transit Corridor Study is scheduled to begin in FY 2011-12. The purpose of this long-range plan will be to identify the county's intercity transit operating and capital needs as well as the funding available (or needed) to implement services and projects.

Workshop Discussions:

1. What transit services should be prioritized?
2. How should the need of local and intercity transit services be balanced?
3. What should the balance be between operations (service) and capital (vehicle, new/expanded facilities) be?
4. Should the STA update and analyze the long term financial projections for Solano transit operators from a countywide perspective, operating and capital?

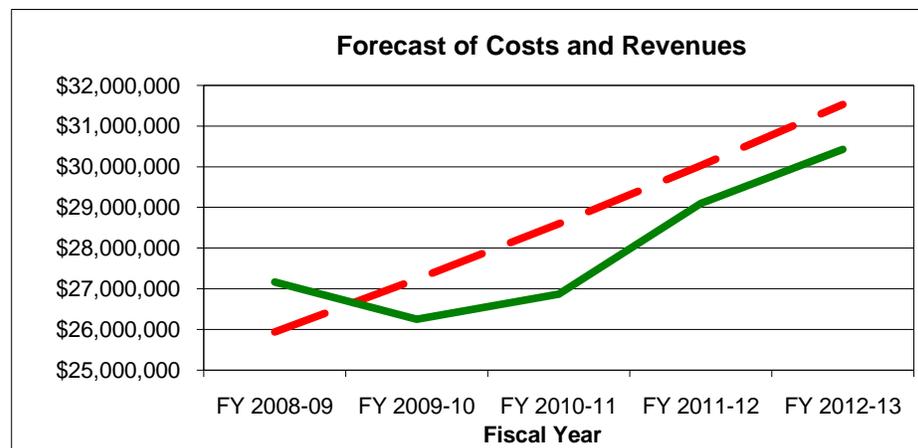
Attachment:

- A. Countywide transit forecast of transit costs and revenues (Jan. 2009)
- B. Benicia Breeze and Vallejo Transit 5-year operating revenue and cost forecasts
- C. Dixon Redit-Ride 5-year operating financial forecast
- D. Rio Vista Delta Breeze and FAST 5-year operating revenue and cost forecasts
- E. Vacaville City coach 5-year operating revenue and cost forecast
- F. Historical Trend of Solano's TDA Revenue Generation

Solano Transit

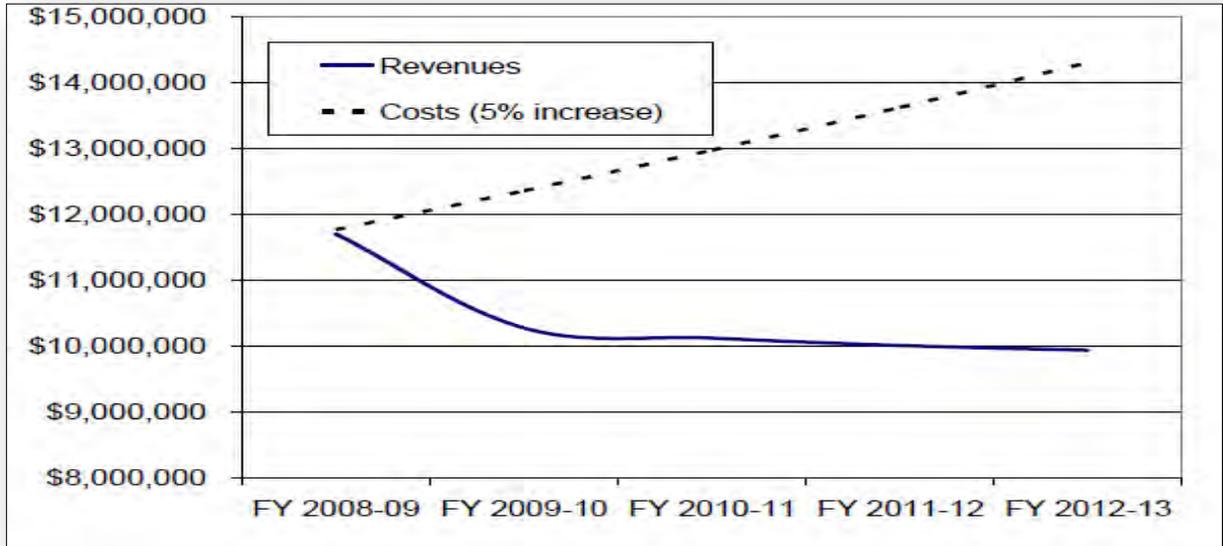
Forecast of Costs & Revenues

- ⦿ Detailed review of potential financial projections in January 2009
- ⦿ Overall, transit operator funding will fall short
- ⦿ Trends vary by operator

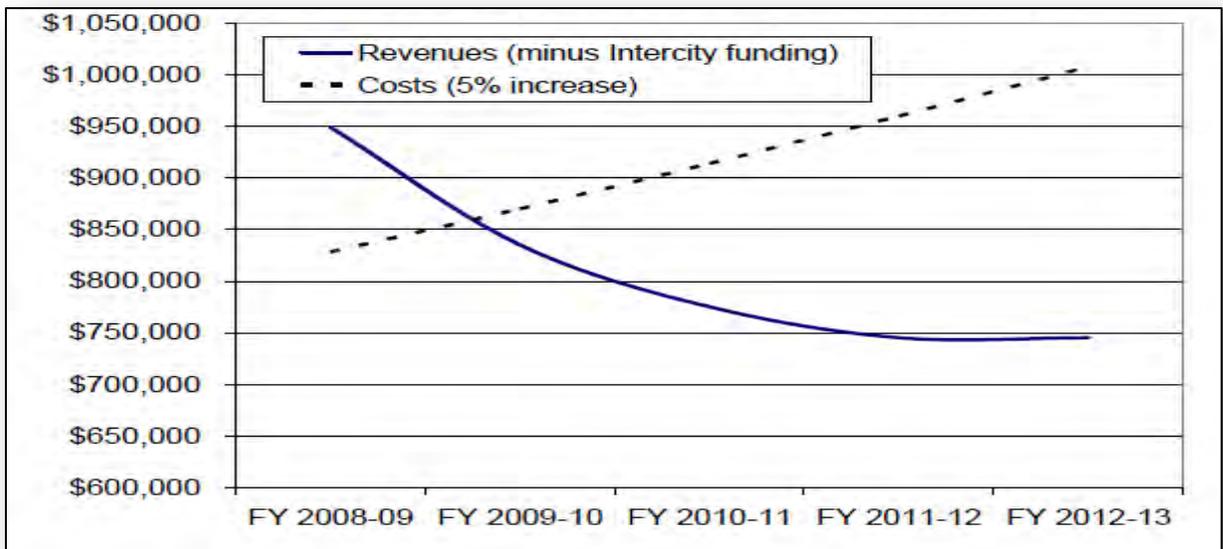


Year 2012/2013 Outlook	Anticipated Shortfall/ Surplus
Benicia	-26%
Dixon	-18%
Fairfield/ Suisun City	1%
Rio Vista	7%
Vacaville	200%
Vallejo	-31%

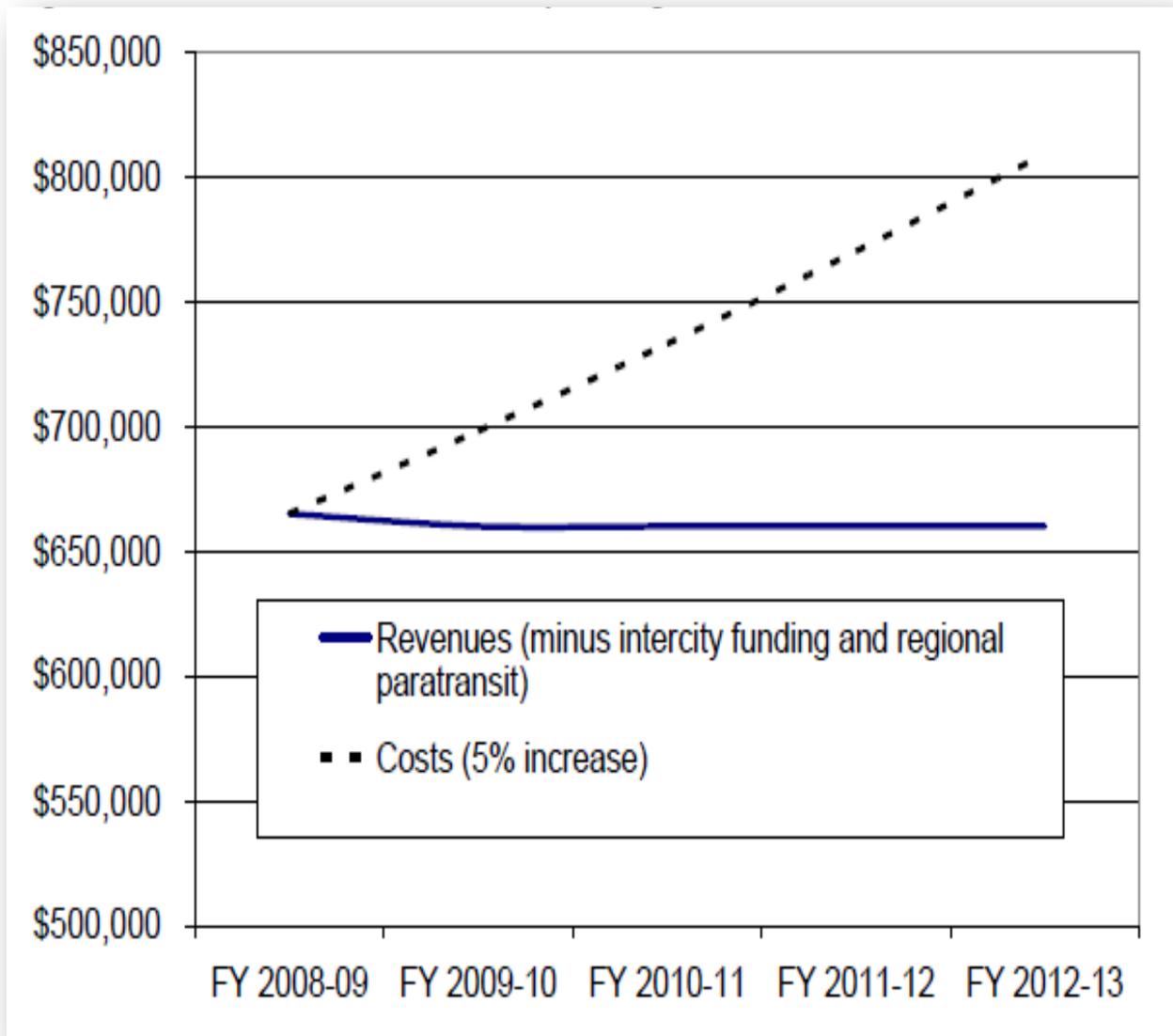
Benicia Breeze 5-Year Operating Revenue and Cost Forecast



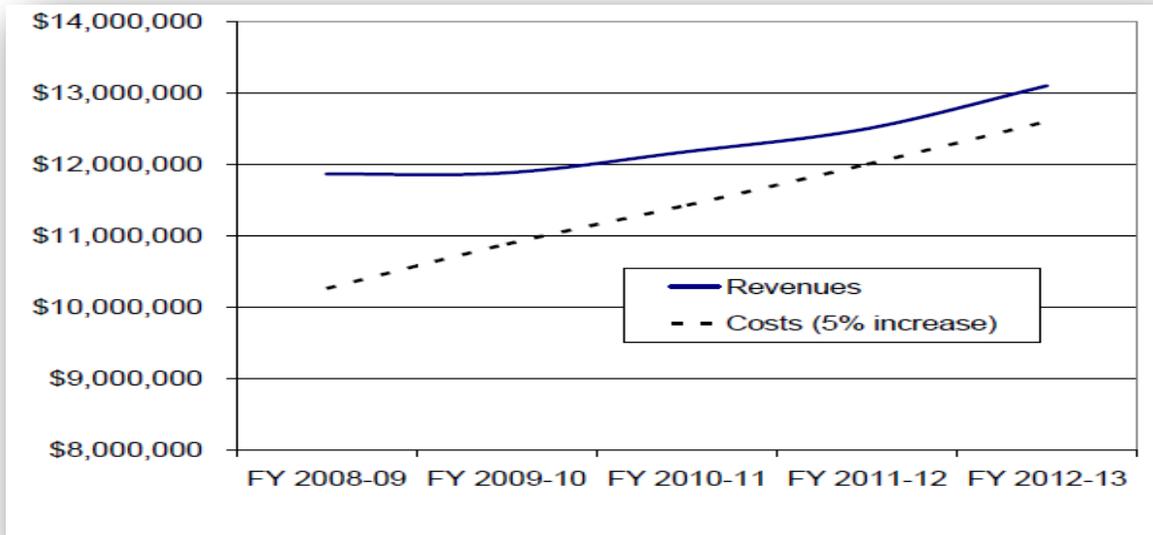
Vallejo Transit 5-Year Operating Revenue and Cost Forecast



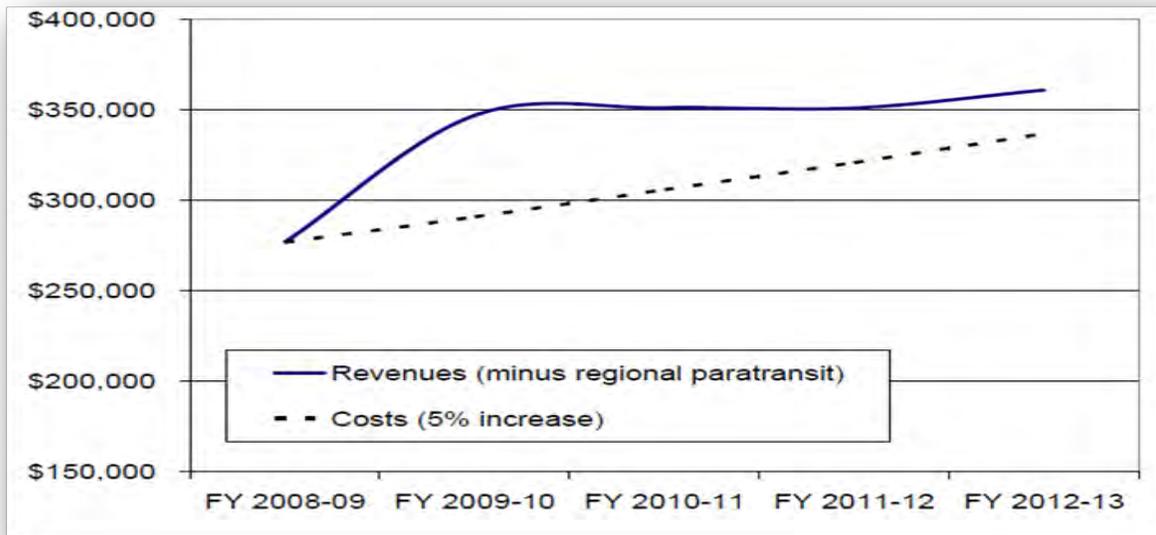
Dixon Read-Ride 5-year Operating Financial Forecast



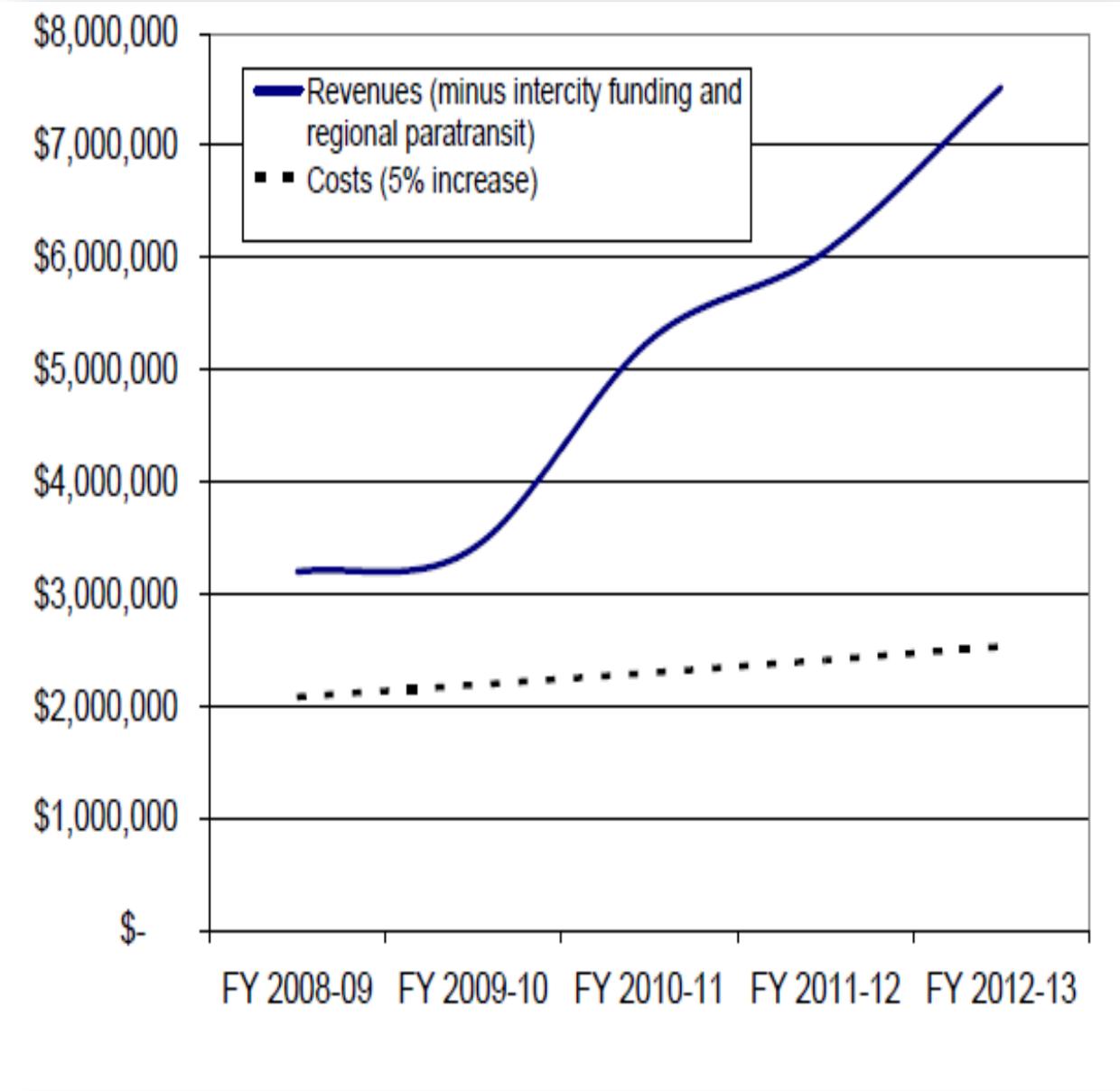
Fairfield and Suisun Transit 5-Year Operating Revenue and Cost Forecast



Rio Vista Delta Breeze 5-Year Operating Revenue and Cost Forecast



Vacaville City Coach 5-year Operating Revenue and Cost Forecast



Historical Trend of Solano's TDA Revenue Generation

