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# Policies and Procedures

No. 17

SUBJECT:

Board Approval: 2/12/04

TRANSPORTATION DEVELOPMENT ACT RULES AND REGULATIONS

PURPOSE:

To establish rules and regulations (pursuant to Public Utilities Code [PUC] Section 99261.5) for the MTS area of jurisdiction governing operator eligibility for receipt of Transportation Development Act (TDA) funds under PUC Section 99260.

BACKGROUND:

By state law, the San Diego Metropolitan Transit System (MTS) is the single operator for the purpose of TDA fund eligibility based on farebox recovery ratios. In order to enable the Board to maintain the required area farebox recovery ratio (see Table 1 attached), MTS is authorized to adopt rules and regulations applicable to operators providing service within the MTS area of jurisdiction and filing claims pursuant to PUC Section 99260.

POLICY:

In order to be eligible to receive TDA funds, the public transit operator, as claimant, shall comply with MTS rules and regulations set forth in this Policy and Procedures. These rules and regulations are designed to make each claimant responsible for upholding the provisions of the TDA under the authority of MTS while recognizing the diversity of services required as part of the area-wide public transit system. All claims shall be generally consistent with the MTS Short-Range Transit Plan (SRTP), and shall, in the aggregate, support maintenance of the area's farebox recovery requirement.

PROCEDURES:

17.1 Eligibility Requirements for TDA Funds

17.1.1 Intent

The following procedures have been established to serve as a structure for implementing MTS Board Policy No. 17. With input from the transit operators, the procedures have been developed to ensure that all legal and regulatory requirements of the TDA are met; that TDA funds are allocated for the maximum regional benefit while observing the need for equitable distribution among local jurisdictions; and that transit operators will work with MTS to leverage TDA to maximize receipt of federal, state, and other local funding sources.



MTS and the MTS operators will work jointly toward efficient and effective use of TDA funds.

- 17.1.2 The MTS operation is predicated on a seamless fare and transfer structure. Thus, the fare structure used by each operator must be in conformance with the Uniform Fare Structure adopted by the MTS Board.
- 17.1.3 The operator's TDA claim will be reviewed by MTS for consistency with the adopted SRTP.
- 17.1.4 Each operator will participate in establishing productivity goals and monitoring performance in meeting the goals and show good faith efforts in implementing the actions approved by the MTS Board.
- 17.1.5 Any operator whose farebox recovery ratio is less than shown in Table 2 (attached) (FY 79 or first full fiscal year of operation) will be subject to the provisions of Section 17.2 if, under actual or estimated conditions, the MTS area is subject to eligibility limitations as prescribed in PUC Sections 99268.2, 99268.3, 99268.4, and California Code of Regulations (CCR) Section 6633.9.
- 17.1.6 The operator shall identify all proposed capital projects annually so that MTS, with input from the operators, can evaluate such projects for federal funding eligibility. To the extent possible, all major capital projects should utilize MTS-area federal funds. Local TDA funds set aside for capital projects shall be evaluated for exchange for federal grant monies provided by MTS. Such an exchange should not be to the detriment of timely implementation of projects as scheduled in the Regional Transportation Improvement Program (RTIP) or SRTP. MTS shall work with each operator to identify interim funding for projects for which timely completion could be delayed by the TDA/ federal fund exchange. The operator and MTS shall enter into an agreement for the funding of procurement/construction of the capital project as a condition of approval of any TDA claim for the project.
- 17.1.7 In accordance with PUC Section 99288, an operator may claim, on behalf of the jurisdiction for which that operator provides transportation services under contract, that jurisdiction's costs to administer the contract. The amount of reimbursement for such administrative costs shall be actual costs incurred by the jurisdiction and shall not exceed 5 percent of the total claim for services provided under the subject contract. Administrative costs related to capital projects should be identified and included as part of the total capital project cost.

## 17.2 Determination of Maximum TDA Eligibility

This section to be in effect only if under actual or estimated conditions; the MTS area is subject to eligibility limitations as prescribed in PUC Sections 99268.2, 99268.3, 99268.4, and CCR Section 6633.9.

17.2.1 Definitions.

- FARES<sub>x</sub> = Farebox Revenues in FY (x)
- TOC<sub>x</sub> = Total Operation Cost in FY (x)
- OTHER<sub>x</sub> = Other Revenues in FY (x)
- TDA<sub>x</sub> = Maximum TDA Subsidy in FY (x)
- PPT<sub>x</sub> = Passengers Per Trip in FY (x). For the previous year (x-1), the value from the first six months of the fiscal year shall be used. "Passengers" is the total passengers carried. "Trips" is the total number of one-way vehicle trips operated.
- F<sub>x</sub> = Average fare paid per passenger.

17.2.2 Determination for Fixed-Route Operators.

A fixed-route operator claiming TDA funds shall maintain the ratio of Passengers per Vehicle Trip achieved during the first six months of the previous fiscal year.

The following formulas shall apply in determining the maximum amount of TDA subsidy that can be claimed and received by an operator in any fiscal year [FY (x)]. Exhibit 1 (attached) is a worksheet to aid in applying these formulas.

TEST: Is  $PPT_x \geq PPT_{x-1}$ ?

If Yes, then the maximum amount of TDA subsidy which can be claimed by an operator for the FY (x) is:

$$TDA_x = TOC_x - (FARES_x + OTHER_x)$$

If No, then the maximum amount of TDA subsidy which can be claimed by an operator for FY (x) is the lesser of the following two amounts:

A. 
$$TDA_x = \frac{PPT_x}{PPT_{x-1}} * TDA_x$$

B. 
$$TDA_x = TDA_{x-1}$$

17.2.3 Determination for Demand-Responsive Operators.

A demand-responsive operator claiming TDA funds shall be required to maintain the ratio of Passengers Per Vehicle Trip achieved during the first six months of the previous fiscal year.

The following formulas shall apply in determining the maximum amount of TDA subsidy that can be claimed and received by a

demand-responsive operator in any FY (x). Exhibit 2 (attached) is a worksheet to aid in applying these formulas.

TEST: Is  $PPT_x \geq PPT_{x-1}$ ?

If Yes, then the maximum amount of TDA subsidy that can be claimed and received by an operator for FY (x) is:

$$TDA_x = TOC_x - (FARES_x + OTHER_x)$$

If No, then the maximum amount of TDA subsidy that can be claimed by an operator for FY (x) is the lessor of the following amounts:

A. 
$$TDA_x = \frac{PPT_x * F_x}{PPT_{x-1} * F_{x-1}} * TDA_x$$

B. 
$$TDA_x = TDA_{x-1}$$

### 17.3 Other Conditions

- 17.3.1 A new operator subject to these provisions shall not claim nor be eligible for more than 75 percent of its total operating cost during the first two years of operation.
- 17.3.2 Any new service that has not been in existence for the full 12 months of both fiscal years would not be included in the calculations required under Section 17.2.

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POLICY.17.TDA RULES & REGULATIONS  
7/12/06

Attachments: Table 1 - Derivation of the MTS-Area Required Farebox Recovery Ratio  
Table 2 - Base Required Farebox Recovery Ratio  
Exhibit 1 - Fixed-Route Operator Worksheet  
Exhibit 2 - Demand-Responsive Operator Worksheet

Original Policy approved on 3/22/82.  
Policy revised on 8/22/83.  
Policy revised on 2/25/93.  
Policy revised on 2/8/96.  
Policy revised on 2/26/98.  
Policy revised/renumbered on 2/12/04.

TABLE 1

Derivation of the MTDB Area Required  
Farebox Recovery Ratio\*

<u>Operator</u>	<u>Operating Cost</u>	<u>Fare Revenue</u>
Chula Vista Transit (SCOOT)	\$ 690,229	\$ 89,326
El Cajon Express	314,119	95,465
La Mesa Dial-a-Ride	321,514	55,220
San Diego Transit	<u>28,262,505</u>	<u>9,157,016</u>
Total	\$ 29,488,367	\$ 9,397,027

FY 79 Ratio: 0.319

\*Public Utilities Section 99269(a) specifies that in order to be eligible for Article 4 funds, the area's Article 4 operators must collectively achieve a ratio of total fare revenue to total operating cost not less than the ratio for FY 79. The figures in this table are audited numbers for the area's operators in FY 79.

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TABLE 2  
Base Required Farebox Recovery Ratio

Operator	Required Ratio	Reference Year
San Diego Transit	32.3%	FY 79
San Diego Trolley	71.3%	FY 83
County Transit System Suburban Bus	10.3%	FY 80
National City Transit	17.3%	FY 81
SCOOT	13.4%	FY 79
Strand Express	31.5%	FY 81
El Cajon Dial-A-Ride	29.2%	FY 79
La Mesa Dial-A-Ride	24.0%	FY 79
Lemon Grove Dial-A-Ride	35.3%	FY 80

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EXHIBIT 1  
FIXED-ROUTE OPERATOR  
WORKSHEET 1

NOTE: This Worksheet to be used only if under actual or estimated conditions, the MTDB area is subject to eligibility limitations as prescribed in PUC § 99268.2, 99268.3 and 99268.4 and CAC § 6633.9

TEST:

- (1)  $PPT_{x-1}$  = Passengers Per Trip in previous Fiscal Year =
- (2)  $PPT_x$  = Passengers Per Trip in current Fiscal Year =
- (3) Is (1) greater than (2)?  Yes  No

If YES to Question (3), then:

- (4) The maximum amount of TDA subsidy which can be claimed by an operator for the current Fiscal Year is equal to the TOTAL OPERATING COST minus PASSENGER FARES and all OTHER REVENUES, calculated in the following manner:

TOTAL OPERATING COST		<input style="width: 100%; height: 20px;" type="text"/>
Minus		-
PASSENGERS FARES <input style="width: 80px;" type="text"/>	+	OTHER REVENUES <input style="width: 80px;" type="text"/>
Equals		=
MAXIMUM TDA ELIGIBILITY		<input style="width: 100%; height: 20px;" type="text"/>

If NO to Question (3), then:

- (5) The maximum amount of TDA subsidy which can be claimed by an operator is the lesser of (5)a and (5)b:

(5)a CURRENT YEAR'S PASSENGERS PER TRIP		<input style="width: 100%; height: 20px;" type="text"/>
Divided By		÷
PREVIOUS YEAR'S PASSENGERS PER TRIP		<input style="width: 100%; height: 20px;" type="text"/>
Multiplied By		x
CURRENT YEAR'S TDA CLAIM		<input style="width: 100%; height: 20px;" type="text"/>
Equals		=
<u>MAXIMUM TDA SUBSIDY IN CURRENT YEAR</u>		<input style="width: 100%; height: 20px;" type="text"/>
(5)b <u>PREVIOUS YEAR'S TDA ALLOCATION</u>		<input style="width: 100%; height: 20px;" type="text"/>

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EXHIBIT 2

DEMAND-RESPONSIVE OPERATOR  
WORKSHEET 2

NOTE: This Worksheet to be used only if under actual or estimated conditions, the MTDB area is subject to eligibility limitations as prescribed in PUC § 99268.2 99268.3 and 99268.4 and CAC § 6633.9

TEST:

- (1)  $PPT_{x-1}$  = Passengers Per Trip in Previous Fiscal Year =
- (2)  $PPT_x$  = Passengers Per Trip in Current Fiscal Year =
- (3) Is (1) greater than (2)?  Yes  No

If YES to Question (3), then:

- (4) The maximum amount of TDA subsidy which can be claimed by an operator for the Current Fiscal Year is equal to the TOTAL OPERATING COST minus PASSENGER FARES and all OTHER REVENUES, calculated in the following manner:

TOTAL OPERATING COST		=	<input type="text"/>
Minus			-
PASSENGER FARES	<input type="text"/>	+	OTHER REVENUES <input type="text"/>
		=	<input type="text"/>
Equals			=
MAXIMUM TDA ELIGIBILITY			<input type="text"/>

If NO to Question (3), then:

- (5) The maximum amount of TDA subsidy which can be claimed by by an operator is the lesser of (5)a and (5)b:

(5)a CALCULATE (X) AND (Y):

CURRENT YEAR'S PASSENGERS PER TRIP		<input type="text"/>
Multiplied by		x
CURRENT YEAR'S AVERAGE FARE		<input type="text"/>
Equals		=
(X)		<input type="text"/>