

Inter Office Memo**To:** Board of Directors**Date:** September 7, 2011**From:** Laramie Bowron, Manager of Planning**Reviewed By:** *rlb***SUBJECT:** MTC Sustainability Project Update**SUMMARY OF ISSUES:**

As part of MTC's Transit Sustainability Project (TSP), some consultants have suggested that all operators achieve a 20% peer farebox recovery ratio as a means of gauging performance and distributing future funding. Peer farebox recovery in this case means that the 20% would be made up of only passenger revenue, excluding local and private subsidies that CCCTA receives through sources such as Bishop Ranch and Measure J. This 20% would also likely increase every year, eventually reaching 40% farebox recovery.

At this time it is not certain that MTC will forward the 20% farebox recovery ratio proposal. Thus, because of the significance of such a proposal, staff shared the following analysis illustrating, all things remaining equal, the steps CCCTA would have to take to achieve a 20% farebox recovery ratio this year:

- Cut the operating budget by 35%,
- Cut Service Hours by 31%. This would result in cutting 26 routes, including Routes 2, 7, 5, 25, 35, 92X, 93X, 95X, and 98X among others,
- Raise fares by 54% to \$3.08 per passenger,
- Increase ridership by 55% with existing service levels.

These would be difficult if not impossible measures to implement. We would most likely choose a combination of the above measures but the damage would still be devastating. However by not achieving 20% farebox recovery we would be subject to reduced funding from MTC on a continual basis.

MP&L RECOMMENDATION:

The MP&L Committee recommends that the Board direct the General Manager to coordinate with other small operators to draft a letter to MTC to be signed by the CCCTA, LAVTA, ECCTA Transit, and WestCat Boards. The letter would restate the need for separate suburban transit standards and would request a response from MTC staff to a letter citing the same concerns from small operator General Managers dated April 27, 2011 that remains unanswered.

ACTIVITY SINCE MP&L:

Subsequent to the September MP&L Committee meeting, MTC held its regularly scheduled meeting of the TSP Service TAC and staff indicated they may not support the consultant recommendation of a 20% farebox recovery ratio. Instead, MTC staff seems likely to support the use of three performance standards, one of which being farebox recovery, and including separate suburban transit standards. All recommendations are subject to executive staff review and this will likely take place at the September 19th meeting.

ACTION REQUESTED:

Direct the General Manager to work with East Bay small transit operators to draft the letter described above.