

**A Review of the Role of the California
Transportation Commission in Public
Transportation in California**

SACRAMENTO, CA

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Final Draft

A REVIEW OF THE ROLE OF THE CALIFORNIA
TRANSPORTATION COMMISSION IN PUBLIC TRANSPORTATION
IN CALIFORNIA

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Chapter 1

INTRODUCTION - PURPOSES AND OBJECTIVES

Introduction

In the latter part of 1985, the California Transportation Commission decided that it would be appropriate to consider the role the Commission plays, or should play, in transit activities in California. Traditionally, the Commission's major emphasis has been on highway programming, with only limited attention paid to transit. There are various reasons for this and most of them relate to statutory authority, funding sources and local control. However, there were suggestions by some persons within the transit industry that the Commission could become more involved in the industry. The suggestions were the basis for the decision to investigate transit in California in order to determine where the Commission's interest should be focused.

Purpose

The original purpose of this study was “..to determine, and document, the focus of the California Transportation Commission in transit activities in California..” As the study progressed it became clear that the study should be broadened to include the broader comprehensive activity: “public transportation.” This is more than a semantic difference, and it is appropriate to use the AASHTO definition to explain this point, as summarized below.

Public transportation is not a single mode, but a mixture of modes (transit, ridesharing, and paratransit) each complementing the other and interacting to form a system for passenger mobility and a cost-effective group of services. Public transportation is an integral part of the surface transportation system, and helps to make the system work by reducing peak period congestion, maximizing the use of existing facilities, contributing to many social, economic, and environmental objectives and reducing the demand for energy.

This definition is comprehensive and is really a generic term used to describe a dynamic industry. For convenience, this generic definition can be divided into three sub-categories:

Public transit (mass transit) - passenger transportation service, usually local, that is available to any person who pays a prescribed fare; it operates on established schedules along designated routes with specific stops (e.g., bus, light rail, heavy rail, etc.).

Paratransit - forms of public transportation services that are more flexible and personalized than conventional fixed-route, fixed-schedule services (but not including such services as charter bus and exclusive-ride taxi vehicles) and which are usually available to the public on demand, by subscription, or on a shared ride basis.

Ridesharing - two or more persons traveling by any mode of transportation, including but not limited to: carpooling, vanpooling, buspooling, shared-ride taxis and jitneys, and public transit. In its most familiar form, ridesharing refers to the commuter work trip, although ridesharing for non-work trips (recreational and shopping) is increasingly common.

While it is true that public transportation systems, in one form or another, are found in most areas it is within the urban areas that such systems predominate and are effective. However, there is a need for transit in the rural areas in order to provide mobility for its citizens. Historically, such systems have contributed to development of such centers and cities like New York, London, Paris, Sydney, and Moscow are examples of this. Providing public transportation service in rural areas is difficult -- lack of adequate patronage usually means high costs of operation.

Methodology

Three concurrent approaches were used to develop information for this study. First, through library research and analysis of basic data the size and extent of the industry was determined. This research was supported by obtaining information from transit operators in California in order to validate statistical material developed from other sources. During this part of the work, the Commission's current role in public transportation was also evaluated. This was done by referring to various legislative measures, Commission meeting agendas, and the annual reports of the Commission to the Legislature.

Second, an attempt was made to define the problems facing the industry and the way in which these problems are creating difficulties for industry participants. A large amount of work has been done in this area. The American Association of State Highway and Transportation Officials (AASHTO) and the American Public Transit Association (APTA) have both produced reports that address this subject. In addition, the California Association of Publicly Owned Transit Systems (CAPOTS) regularly produces reports and memoranda dealing with problems in the industry. Various academic and industry analyses have also commented on the matters from time to time.

Third, interviews were conducted with key persons throughout California. The key persons included those within the public transportation industry (e.g., transit managers) and also those outside the industry (e.g., legislative staff). The full list included transit operators, local and regional agency representatives, legislative staff, local elected officials, private sector transportation and business persons, and several Commissioners. All persons interviewed were advised that their responses would be kept confidential. The purpose of the interviews were twofold: one, to verify that problems did exist within the public transportation industry; and, two, whether the person being interviewed thought there was a role for the Commission in trying to solve these problems.

The study was completed in three months and the results of that effort were contained in a draft report.

Subsequently, this draft report was distributed to California Regional Transportation planning agencies, transit operators -- both public and private --, legislative staff, transit industry associations and other interested parties. Commission staff then extensively reviewed this draft through interviews with individual regional agencies, transit operators and legislative staff and meetings with a Regional Transportation Planning Agency task force and CAPOTS Executive Committee. Comments received during these interviews and meetings are summarized in Chapter 7, and written comments are included in Appendix D. Commission staff then produced this final draft. After review of this draft with the affected agencies plus commissioners, a final report will be produced.

Summary

There are several significant points that should be noted. First, the fact that the study was done is encouraging; it suggests that the Commission believes it may need to refocus attention on public transportation in California. Second, the Commission should review the results of the study, particularly the interviews, to see where it may be able to do things to improve transportation generally in the State. And, finally, the Commission should decide how best to move into an expanded role in public transportation, if that is the conclusion that emerges from the study.

Chapter 2
INDUSTRY SIZE AND EXTENT

Industry Size

The public transportation industry in the United States served more than 8 billion passenger trips in 1983, the last year for which figures are available. Details are shown in Table 2-1. It is stressed that these statistics cover the United States as a whole.

Table 2-1
TRANSIT MODAL STATISTICS - USA - 1981-83

PUBLIC TRANSPORTATION MODE	UNLINKED PASSENGER TRIPS (Millions)			ESTIMATED PASSENGER MILES (Millions)			AVERAGE TRIP LENGTH (Miles)		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
○ Motor Bus	5,594	5,324	5,422	21,012	19,987	20,047	3.8	3.8	3.7
○ Heavy Rail	2,094	2,115	2,167	10,244	10,049	10,350	4.9	4.8	4.8
○ Light Rail	123	136	137	346	379	391	2.8	2.8	2.9
○ Trolley Coach	138	151	160	254	295	325	1.8	2.0	2.0
○ Commuter R/R	268	259	262	6,271	6,112	6,157	23.4	23.6	23.5
○ Cable Car	*	*	*	*	*	*	*	*	*
○ Inclined Plane	*	*	*	*	*	*	*	*	*
○ Urban Ferry Boat	50	51	52	226	230	234	4.5	4.5	4.5
○ Aerial Tramway	*	*	*	*	*	*	*	*	*
○ Guideway Transit	*	*	*	*	*	*	*	*	*
TOTAL	8,284	8,053	8,217	38,368	37,067	37,519	4.6	4.6	4.6

* Data not available.

SOURCE: APTA - Transit Fact Book, 1985, p. 12.

This tabulation shows some interesting facts. In terms of trips made, the motor bus has by far the largest share: 66 percent, with heavy rail at 26 percent and commuter rail at 3 percent. However, when the comparison is made on the

basis of passenger miles, the percentages are: bus 53, heavy rail 28, and commuter rail 16. This shows clearly the impact of trip length on passenger miles. The fact that average trip length has remained virtually unchanged during the three-year period suggests that public transportation systems are not moving out to the new, developing areas. Concentrations continue to be within established urban areas. This is not too surprising. The statistics are weighted by the major transit systems in the older, urban concentrations. In cities such as New York, Chicago, Boston and Philadelphia, the established public transit systems are oriented on the downtown areas, bringing commuters from relatively close residential suburbs to the central business district.

In California, transit riders exceed one billion a year and about 40 percent of these are carried on the Los Angeles Southern California Rapid Transit District (SCRTD) bus service. Details are shown in Table 2-2.

Table 2-2
TRANSIT RIDERS ON PUBLIC, FIXED ROUTE SYSTEMS
IN CALIFORNIA 1981 - 1984 (MILLIONS)

<u>SYSTEM</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
AC Transit	83	80	36	69
BART	47	53	54	58
Golden Gate	11	11	10	9
Long Beach	18	18	21	24
North San Diego	7	7	7	8
Orange County	26	28	29	32
San Francisco MUNI*	125	130	135	140
Sacramento	20	16	15	15
San Mateo	20	21	16	20
San Diego	24	19	19	19
Santa Clara	33	36	35	36
Santa Monica	20	20	19	18
SCRTD (Los Angeles)	377	363	446	490
Other	209	220	269	248
TOTAL	1,020	1,022	1,101	1,176

*Estimated.

SOURCE: CalTrans, Division of Transportation Planning and industry reports.

There are several significant features about Table 2-2 that might be noted.

- Public transportation ridership increased by 15 percent in the 1981-84 period.
- About 85 percent of the passenger trips are made by bus; the balance are made on light, or heavy rail. A smaller number of riders use ferry services. With projected increases in rail systems in several major cities, it can be expected that the rail share will increase.
- The two major urban concentrations in the State: Los Angeles-Long Beach and San Francisco-Oakland account for about 70 percent of all transit activity in California. The use of public transportation is highest in densely settled urban cities and corridors.

A review of industry reports suggests that transit's role is most important in peak periods, when highway congestion is heavy. In such circumstances, public transportation complements the use of highways in those corridors.

Cost and Revenues

A question of importance to transportation managers, legislators and commissioners is, Where does the money for public transportation come from and where does it go? There is considerable variety in the answers but some idea can be obtained by looking at three transit examples: SCRTD, a large bus operator in Southern California; BART, a heavy rail operator in Northern California; and Santa Cruz Transit, a small operator in a basically rural environment.

(In discussing costs and revenues attention will be directed only to operating costs and revenues; capital expenditures can vary significantly from year-to-year.)

SCRTD - This organization is a public agency created in 1964 by the California State Legislature. SCRTD has two mandates:

1. To operate and improve the existing bus system, and

2. To design, construct and operate a rapid transit system to meet the needs of the people in Los Angeles County.

(It is the first of these two mandates that is relevant to this study).

SCR TD has a total active fleet, as of February 1986, of 2,446 buses. With the inclusion of a reserve fleet of 225 coaches, as well as a contingency fleet of 100, the total SCR TD bus fleet is 2,771. Details of SCR TD's operating costs and revenues are shown in Table 2-3.

Table 2-3
SCR TD - FINANCIAL OPERATING STATEMENT - (\$000S)

	<u>FY 1985-86 (est.)</u>		<u>FY 1986-87 (budg.)</u>	
<u>Revenues</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
○ Farebox	\$196,000	39.3	\$203,000	39.3
○ Local operating grants	82,950	16.6	114,100	22.1
○ Federal operating grants	51,470	10.3	38,935	7.6
○ State operating grants	146,504	29.4	135,365	26.2
○ Non-transportation	16,115	3.2	18,900	3.7
○ Auxiliary transportation	<u>5,700</u>	<u>1.2</u>	<u>5,800</u>	<u>1.1</u>
TOTAL	\$498,739	100.0	\$516,100	100.0
<u>Expenses</u>				
○ Operations	\$354,417	71.0	\$373,671	72.4
○ Vehicle maintenance	63,340	12.7	56,384	10.9
○ General administrative	60,850	12.2	66,668	12.9
○ Non-vehicle maintenance	15,272	3.1	19,377	3.8
○ Carryover	<u>4,860</u>	<u>1.0</u>	<u>-0-</u>	<u>0.0</u>
TOTAL	\$498,739	100.0	\$516,100	100.0

SOURCE: SCR TD 1987 Budget.

Table 2-3 shows that revenues from fares account for about 40 percent of total revenues. Most of the revenues came in the form of operating grants from Federal, State and local sources.

On the expenditures side, operations account for more than seventy percent of total costs. The largest component of this cost is wages for operating personnel.

BART - The Bay Area Rapid Transit System serves a large part of the San Francisco Bay Area. As of December 31, 1985, BART's operating fleet consisted of 128 A-cars and 290 B-cars. In a recent report, the following comments were made:

“...We've got a good thing going, a transportation system which has evolved through a strong local commitment to developing alternative means of getting around. This transportation system is integral to the quality of life we in the Bay Area enjoy. And, because this is our home, we need to be mindful of how we manage change so that the demands for housing, jobs, and vital services, including transportation, are met. This is a challenge to all of us, for the services operating today are the result of a collective effort - of individuals, private businesses, and government working together for the benefit of everyone. BART was born out of this process and, after some hard early years, the 71-mile rail system now operates reliably and efficiently. Whether travel is for the purpose of going to work, personal business, or simply for fun, BART fulfills an important need by providing car-free access to important activity centers throughout the three BART counties...”

Financial operating data for BART are shown in Table 2-4.

Table 2-4
BART - FINANCIAL OPERATING STATEMENT - (\$000S)

	<u>BUDGETED 1985-86</u>		<u>PROJECTED 1986-87</u>	
<u>Revenues</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
○ Net Passenger Revenue	\$ 78,628	90.7	\$ 90,960	92.8
○ Other Operating Income	<u>8,062</u>	<u>9.3</u>	<u>7,089</u>	<u>7.2</u>
○ Net Operating Revenue	\$ 86,690	100.0	\$ 98,049	100.0
 <u>Expenses</u>				
○ Net Labor	\$ 107,935	65.9	\$ 115,673	65.3
○ Electronic Power	21,261	13.0	24,652	13.9
○ Bus Service	13,483	8.2	14,157	8.0
○ Other Non-Labor	<u>21,217</u>	<u>12.9</u>	<u>22,538</u>	<u>12.8</u>
○ Total Operating Expenses	\$ 163,896	100.0	\$ 177,020	100.0
○ Operating Deficit	(77,206)		(78,971)	
 <u>Financial Assistance</u>				
○ Property Tax Revenues	\$ 6,437	8.4	\$ 6,749	8.5
○ Sales Tax Revenues	86,120	111.5	91,503	115.9
○ TDA (BART only)	564	0.7	601	0.8
○ STA, other State Funds	1,941	2.5	2,063	2.6
○ Debt Service Allocations	(13,758)	(17.8)	(17,720)	(22.4)
○ Capital and other Allocations	<u>(4,099)</u>	<u>(5.3)</u>	<u>(4,228)</u>	<u>(5.3)</u>
○ Total Financial Assistance	\$ 77,205	100.0	\$ 78,967	100.0

SOURCE: BART - Summary 1985 Five Year Plan.

The format for the BART data is different to that for SCR TD but the results are the same. Passenger revenues are not enough to cover costs and the deficit must be made up from various sources. Passenger revenues for BART represent about 50 percent of total revenues. BART is fortunate to have access to a substantial local sales tax. On the expense side, labor is the single largest component accounting for almost two-thirds of the total operating cost for the system.

Santa Cruz Metropolitan Transit District - Santa Cruz MTD was authorized by an act of the California State Legislature in 1967 and was approved by the voters of Santa Cruz County in 1968. Operations commenced in 1969. The service area includes all of Santa Cruz County, an area of 440 square miles with a population of 209,400. The Santa Cruz system includes 95 buses operating over 49 routes. The system carries about six million revenue passengers each year; in terms of unlinked passenger trips, this works out at about 8.2 million.

Financial operating data for Santa Cruz MTD are shown in Table 2-5.

Table 2-5
SANTA CRUZ MTD - FINANCIAL OPERATING STATEMENT - (\$000S)

	<u>1985-86 (Budg.)</u>		<u>1986-87 (Budg.)</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
○ Passenger Fares	\$ 1,715	11.7	\$ 1,927	12.4
○ Special Transit Fares	500	3.4	560	3.6
○ Auxiliary Revenue	106	0.7	103	0.7
○ Investment Income Interest	472	3.2	450	2.9
○ Sales Tax (District)	7,554	51.7	8,118	52.0
○ Sales Tax (TDA)	3,000	20.5	3,157	20.2
○ Other Local Cash Grant	60	0.4	62	0.4
○ State Transit Assist. (STA)	502	3.5	551	3.5
○ UMTA Oper. Assistance	464	3.2	427	2.7
○ Other Federal Assistance	<u>241</u>	<u>1.7</u>	<u>255</u>	<u>1.6</u>
Total Revenues	\$ 14,614	100.0	\$ 15,610	100.0
 <u>Expenses</u>				
○ Operations	\$ 7,032	48.1	\$ 7,807	50.0
○ Vehicle Maintenance	3,991	27.3	3,884	24.9
○ Non-Vehicle Maintenance	450	3.1	489	3.1
○ General Administration	<u>2,569</u>	<u>17.6</u>	<u>2,858</u>	<u>18.3</u>
Subtotal	\$ 14,042	96.1	\$ 15,038	96.3
○ Depreciation	<u>572</u>	<u>3.9</u>	<u>572</u>	<u>3.7</u>
Operating Expense	\$ 14,614	100.0	\$ 15,610	100.0
○ Capital Expenditures	<u>4,039</u>	<u>N/A</u>	<u>9,088</u>	<u>N/A</u>
TOTAL	<u>\$ 18,653</u>	<u>N/A</u>	<u>\$ 24,698</u>	<u>N/A</u>

SOURCE: Santa Cruz Metropolitan Transit District, July 1986.

The Santa Cruz statistics show how heavily that system relies on state and local funding sources to allow it to operate. If service was dependent on passenger revenues only, it is clear there would be no service. And, as was the case with the larger systems, labor costs account for most of the system's expenditures.

This discussion of costs and revenues, brief though it is, serves as a lead-in to the next subject in this chapter.

Role Of Public Transportation

As the study developed, and interviews took place with key individuals throughout California, the question that was raised on more than one occasion was, Is there a role for State supported public transportation in California and, if so, what is it?

That there is a role for public transportation seems to be the consensus of participants and non-participants in the industry. But exactly what sort of a role, and at what cost, are the important questions. And who should participate in the process?

Conventional wisdom (at least in recent years) suggests that expanded transit systems (or new ones) are necessary to overcome congestion problems in urban areas and ensure economic viability of major areas. The argument assumes adequate funding will be available for capital expenditure purposes and operating costs will be covered through an on-going subsidy program. It is this financial contention that has led to pointed questioning by knowledgeable persons, including members of the California Transportation Commission.

Of course, a basic level of transit is needed outside the urban areas, with State and Federal financial assistance in addition to local support. Although not necessarily justified on economic viability terms, these rural systems are needed based on a social objective to provide mobility to transit dependent and mobility impaired citizens.

The role of public transportation in California will become more, rather than less, important in the future and the basic reason for this contention is the growth

that is expected in the state during the next twenty years. Successful growth must depend on both the highway and public transportation systems, but it is no longer possible to make the highway investments necessary to maintain a basically automobile society. Some areas are now so congested, and others are becoming so, that improved public transportation will be an essential element of any satisfactory solution for the future. This is not a hypothetical statement - it is a fact.

California's Economic Growth

The future growth of California is dramatically illustrated by population forecast for the state; details are given in Table 2-6.

Table 2-6
PROJECTED POPULATIONS - SELECTED CALIFORNIA COUNTIES
1985 - 2000

<u>COUNTY</u>	<u>1985</u>	<u>1995</u>	<u>2000</u>	<u>PERCENT INCREASE</u> <u>1985 - 2000</u>
○ Alameda	197,000	1,246,000	1,276,300	+ 6.6
○ Contra Costa	717,600	797,000	836,000	+16.5
○ Fresno	576,200	660,200	698,700	+21.3
○ Kern	480,600	569,800	612,700	+27.5
○ Los Angeles	8,085,300	8,326,500	8,474,200	+ 4.8
○ Orange	2,127,900	2,469,400	2,605,400	+22.4
○ Riverside	820,600	1,079,500	1,200,100	+46.2
○ Sacramento	893,800	1,092,600	1,186,600	+32.8
○ San Bernardino	1,086,400	1,440,000	1,597,800	+47.1
○ San Diego	2,131,600	2,639,500	2,849,000	+33.7
○ San Francisco	735,000	688,200	674,800	- 8.2
○ San Mateo	616,600	626,500	630,300	+ 2.2
○ Santa Clara	1,400,100	1,533,300	1,592,500	+13.7
○ Ventura	600,200	762,500	838,500	+39.7
○ Other	4,896,200	5,989,000	6,341,100	+29.5
○ California	26,365,100	29,820,000	31,414,000	+19.1

SOURCE: California State Dept. of Finance, Sacramento, California (1985 est. for 1985 numbers; 1983 est. for 1995, 2,000 numbers).

This tabulation shows that California's population of 26.365 million in 1985 is expected to reach 29.820 million in 1995 and 31.414 million by 2000. The major urban areas will continue to attract population and be responsible for significant employment opportunities, but fastest growth will be experienced in those counties which have "room to grow" - Riverside, San Bernardino, Orange, San Diego and Ventura. In fact, population in California's growth areas is increasing faster than projected. California's total population increased 500,000 over 1984's estimate. Almost 200,000 of that increase is in Los Angeles County, alone.

This growth pattern poses two sets of problems for the public transportation industry. On one hand, service must be maintained to the urban core of the traditional metropolises. On the other, service must be expanded to the developing urban centers, if the industry's contention that "highways cannot do the whole job" is to prove valid. Dispersion away from the central cities is probably inevitable -- the lack of affordable housing in, or near, the urban center, plus increasingly expensive commercial rentals in the downtown has already seen some exodus into the contiguous regions.

This is being described as a redistribution period for America. Demographic studies confirm what was stated above -- increasing numbers of corporations are locating in suburban areas and taking people with them. Transit proponents suggest that to prevent this trend from becoming a disaster, developers must include transit services in their initial planning. Recently, Phoenix Mayor Terry Goddard highlighted one leading view of this situation when he said:

"...Unless something dramatic is done, the traffic congestion that we have today is a very pale shadow of what we're looking at in the future. We have statistics to show that we'll have three times as many congested intersections in 10 years, even if we build every proposed new freeway."

Mayor Soddard's comments apply with equal force to California. The urban centers are becoming more urbanized and the rural areas are showing signs of urbanization. California is already a highly urbanized society and it will become even more so, and the problems of urbanization will become even more pronounced.

In fact, when the problems facing California in the next twenty years are considered, it is tempting to say that they are beyond the resources and collective abilities of the state. It is certainly true that the problems are complicated when viewed, as a whole, but an attack on the individual components may yield results.

In 1978 a special task force produced an urban strategy report for California. It is appropriate to review that report because so much of it is even more relevant today. The report states:

...Californians can no longer avoid city problems by moving farther and farther from the central cities. Crime rates are generally increasing at the urban fringe. Smog has spread past the suburbs into the deserts and mountains. The loss of jobs caused by movement of industry from the central cities has caused increasing unemployment in the cities, with a growing need for unemployment and financial assistance. These costs are borne by all residents of the state.

...The result is waste: waste of land, particularly valuable agricultural land; waste of older cities and suburbs; waste of air, water and other natural resources; waste of energy; waste of time spent in commuting; and, in the long run, a vast waste of money.

...Future urban development should be determined with purpose, not solely by chance. Cities and suburbs should provide a productive and human environment for all; for the poor, the old and the disadvantaged, as well as those better able to protect their own interests.⁽¹⁾

Public transportation thus faces a severe challenge -- the challenge of being an effective part of the future of California and making a contribution to the orderly development of this urban society.

Summary

There are several matters of significance that emerge from the above presentation and each one relates to the Commission's future role in public transportation in California.

⁽¹⁾State of California Office of Planning and Research - An Urban Strategy for California, Sacramento (February 1978).

- Economic growth in California will continue and will create problems of accessibility and mobility, additional to those that exist today.
- California will continue to be an urban society. The existing urban centers will continue to grow, but at a slower rate than the developing urban centers in the semi-rural counties.
- Traditionally, public transportation has been most effective in relieving congestion by providing peak-hour service in urban areas. The systems should extend into, and within, the more dispersed areas where basic mobility needs should be met.
- When evaluating the cost effectiveness of public transportation, consideration should be given to cost savings in energy, air quality, land not wasted, time savings on commuter trips and highways not built. At the macro-level these savings may be significant.
- As will be discussed later in this report, the public transportation industry faces a number of problems which may further inhibit its ability to meet the challenges associated with economic growth and “scatterization”.
- The public transportation industry is a fairly heterogeneous entity, with limited coordination between the various sectors. (This is true in spite of APTA and CAPOTS and informal cooperative arrangements.) If the industry is to meet the challenges posed by growth and urbanization in California, some common voice and development approach will be necessary.

At this point in the study, it is clear that there is a role for public transportation in California, and that role will become more important in the future. Subsequent chapters in this report will discuss how the Commission can contribute to that expanded role.

Chapter 3

LEGISLATIVE BACKGROUND - STATUTORY AUTHORITY

Establishment of Commission

The California Transportation Commission was established in 1977 when the Legislature passed AB 402. The bill provided for the Commission to advise and assist the Secretary of Business, Transportation and Housing and the Legislature in formulating and evaluating state plans and policies for California's transportation programs.

AB 402 (Chapter 1106, Statutes of 1977) - This bill contained the enabling legislation that established the Commission and specified and defined its various responsibilities. AB 402 created the State Transportation Improvement Program and the annual process leading to its adoption. AB 402 also specified the Commission's other duties including its annual evaluation of Caltrans' budget; its biennial report to the Legislature on major transportation issues; its role in the legislative process; its relationship to the Department of Transportation and to regional transportation planning agencies; and its other inherited duties gained from replacing the Highway Commission, the Transportation Board, the Toll Bridge Authority, and the Aeronautics Board.

Transit Legislation

SB 325 (Chapter 1400, Statutes of 1971) - This bill (The Mills, Alquist, Deddeh Act) was the first major transit legislation enacted in California. The measure, dubbed the Transportation Development Act (TDA), established the Local Transportation Fund (LTF) in each county, altered the sales tax throughout California, and specified that 1/4 cent of that tax would be deposited into those LTF accounts, and who was responsible for their allocations. Many provisions of the TDA have been modified since 1972. One of those modifications gives the Commission advice and consent responsibility over TDA regulations proposed by the Department.

1974 (Proposition 5) - Proposition 5, a constitutional initiative, was approved by the voters in 1974, which changed Article XIX of the State Constitution to make highway funds available for transit guideway purposes. This applied only to those counties that passed enabling legislation that allowed them to draw on this funding source. The formula allowed for 25 percent of state highway funds expended in that county to be used by the local authorities. This actually allowed those counties to identify their highway funds, obtain money for those purposes, and then add on 25 percent for transit guideway developments in those counties.

SB 620 (Chapter 161, Statutes of 1979) - This bill, considered to be landmark transit legislation, created several key mass transit programs and appropriated major sums of money to these programs. While many provisions of the bill have been modified by SB 1331, SB 1335, and AB 2551, there are aspects of the bill which are still applicable and in effect. These aspects are:

- An expanded authorization for Caltrans to contract for intercity bus operations;
- Authorization for Caltrans to purchase and lease passenger cars and to acquire, lease, design, construct, and improve track lines and related facilities;
- Prohibition of Caltrans to operate railroads;
- An expanded definition of performance audits for transit operators;
- Redesignation of the Transportation, Planning and Research Account to the Transportation Planning and Development (TP&D) Account;
- Authorization of TP&D funds to be appropriated to Caltrans for planning purposes and mass transportation responsibilities; to the Secretary of the Business, Transportation and Housing Agency for allocation to the Institute of Transportation Studies; and to the Commission to fund its activities not covered by State Highway Account funds;

- Creation of the State Transit Assistance (STA) Program;
- Requirements that the Governor include in the Budget Bill an appropriation from the account to fund exclusive mass transit guideway projects, including the acquisition of rolling stock; and
- Authorization for Caltrans to construct, maintain, and operate park and ride lots with State funds as well as non-State funds.

AB 1010 (Chapter 1183, Statutes of 1981) - This bill, regarding rail-passenger services, specified that Caltrans recommend and the Commission allocate to specific routes all funds appropriated in the State budget for:

- Operating intercity and/or commuter rail passenger services under contract with Amtrak, and/or private railroads;
- Constructing, acquiring, leasing, or improving and operating, rail passenger terminals and related facilities;
- Purchasing and leasing rail passenger cars and locomotives and other self-propelled rail vehicles;
- Making other rail-related capital investments; and
- Acquiring abandoned rail rights-of-way.

The bill also specified that Caltrans submit to the Commission a report regarding salient characteristics of any recommended rail service prior to an allocation of funds. Furthermore, Caltrans is required to prepare and submit to the Commission, the Public Utilities Commission, and the Legislature, an annual rail passenger development plan and an annual rail report with specified information. The Commission is required to provide advice and consent on the reports.

SB 1331 (Chapter 262, Statutes of 1982) - The bill revised the method of allocating funds from the State Highway Account to eligible counties for transit guideway projects. The bill requires that:

- The Commission estimate all funds available for guideway and other transit projects from both the Highway and TP&D Accounts for the upcoming fiscal year and five future years;
- Appropriated TP&D funds be available for encumbrance during the first three years and expended before five years pass from the point of appropriation;
- Prior to estimating the availability of transit funds from the Highway Account, the Commission first earmark funds necessary to operate, maintain, and rehabilitate the State highway system and to match available federal funds for State highway purposes;
- The Commission allocate 50 percent of the funds estimated to be available to eligible counties based on each county's share of total population of all eligible counties. The remaining 50 percent would be allocated to meritorious projects at the discretion of the Commission; and
- Any cash advances or banking of funds be eliminated.

SB 1335 (Chapter 321, Statutes of 1982), AB 2551 (Chapter 322, Statutes of 1982) - These nearly identical bills reauthorized and reformed many of the provisions established by SB 620 (Chapter 161, Statutes of 1979). SB 620 established the Transportation Planning and Development (TP&D) Account and the State Transit Assistance (STA) Program and SB 1335/AB 2551 extended the life of that account along with many of the programs it funded (such as STA). The bills specify:

- The distribution of funds from the TP&D Account between the STA Program and State-run transit projects (such as commuter and intercity rail services), grade separations and intermodal transit facilities. The STA program receives 60 percent of TP&D funds leaving the other 40 percent for legislative appropriation in the budget for the State-run transit projects;

- That TP&D funds appropriated to Caltrans for capital and operating expenses of bus and passenger-rail services shall be allocated according to Commission direction;
- The capital expenditures eligible for TP&D funds including abandoned rail right-of-way, bus rehabilitation, mass transit guideways and rolling stock grade separations and interface facilities;
- That the Commission adopt criteria and procedures to be followed by Caltrans in evaluating applications for TP&D funds;
- That the Commission hold public hearings on TP&D fund applications no later than March 1 of each year; and
- That no later than April 1, the Commission adopt a priority list of TP&D funded projects and submit that list to the Legislature.

SB 300 Chapter 1600, Statutes of 1985 - Because of decreases in funds available through the TP&D Account (discussed later in this report), SB 300 was passed in 1985. Prior to enactment of SB 300, the TP&D account was financed from sales tax revenues determined through a calculation based on the differences in revenues derived by including and excluding gasoline. This difference was referred to as the “spill-over” and was what determined TP&D funding. However, whenever the general sales tax revenues increased due to an expanding economy and gasoline prices remained stable, the amount calculated as the “spill-over” actually decreased. To provide a more stable funding source for transit programming, SB 300 incorporated the sales tax revenues on diesel fuels to supplement the TP&D funding formula. The intent was to produce a minimum funding level or floor of \$110 million.

SB 367 - After SB 300 was enacted into law, it was determined that the diesel sales tax revenue transfers to the TP&D account would be subject to the identical “spill-over” calculations applied to gasoline. Thus, diesel revenues were subject to the same erosion factors as the gasoline only funding formula. SB 367, as it relates to TP&D funding, was introduced to restore the funding level to \$110 million.

Provisions in the measure propose removing the sales tax on diesel fuels from the “spill-over” calculations. In the long term, this measure provides stabilized funding for the account but also caps the level of the program at \$110 million.

Summary

The Legislature created a coherent mass transportation program consisting of four major elements:

- Local Transportation Fund, which is based on 1/4 cent of the sales tax and is not subject to annual appropriations. It is allocated directly to local agencies based on their share of the sales tax revenues generated.
- State Transit Assistance, which is subject to appropriations by the Legislature and is allocated according to a formula based mainly on population.
- The Caltrans Rail Passenger Program, dependent upon annual appropriations in the State Budget and Commission allocation through the STIP process.
- Transit Capital Improvements, which funds primarily local-guideway and State commuter-rail projects and which is subject to annual appropriations in the State Budget and Commission allocation through the STIP process.

It is clear that legislation of significance to the Commission in dealing with public transportation issues is basically of two types: that specifying Commission responsibilities and legislation relating to funding.

The Commission’s activities, under its legislative mandate, are discussed in the next section. Financing is covered at a later stage in the report.

Chapter 4 COMMISSION INVOLVEMENT TO 1985

Introduction

The legislation that established the Commission also defined the responsibilities of that body. As already stated, the role of the Commission in public transportation has been relatively limited, but it has tried to emphasize problems that needed action. This chapter will trace the evolving role of the Commission from 1978 to the present day and will do so by summarizing relevant information from reports submitted to the Legislature during that period.

It should be noted that the public transportation program in California passed through two stages from 1978 to 1984: first, rapid expansion, then definition and clarification of the specific responsibilities of Caltrans, the Commission, and the Legislature. In 1978, the Commission's participation in urban mass transit systems was limited to allocating State Highway Account (SHA) funds to local guideway projects. Caltrans was acquiring permanent statutory authority to contract for intercity and commuter passenger rail services. Commission involvement and participation has increased since 1978 -- particularly in policy matters. Commission involvement has increased mainly because some Commission members saw a need, over time, to become more involved in this transportation area. This change can be derived from an evaluation of various reports. Highlighted with each report are the applicable transit legislative changes (summarized in the previous chapter), since these changes affected the Commission's policies.

1978 Biennial Report

Applicable Transit Legislation: SB 325 (1971), which created the Local Transportation Fund (LTF), no direct Commission involvement nor role; Proposition 5 (1974), which allowed Article XIX gas tax funds to be used for transit guideway purposes, gave a role to the Commission in allocating state gas tax funds to local guideway projects.

Commission Involvement: AB 402 required the Commission to submit to the Legislature a report on transportation once every two years. The biennial report was required to address the issue of necessary future investments in transportation and other significant issues identified by the Commission. The 1978 biennial report was also required to examine revisions in the State Highway Fund allocation formulas. The report was to present the Legislature and the Administration with an examination of these issues, as well as an expression of the Commission's transportation policies and its recommendations for legislative and administrative actions designed to respond to California's emerging transportation problems.

Obviously, these requirements related to the highway system in the state and it was expected that it would be covered in detail. But it was also intended, and expected, that transit would also be dealt with. Thus, the report contained a neat summary of the state of the industry in California.

Public Transit: A wide variety of public transit is available in California. There are both fixed rail and bus systems in the San Francisco Bay Area, an extensive bus system in the Los Angeles region, smaller bus systems in other urban areas and some rural areas, and other transit services such as school bus fleets, taxis, dial-a-ride, and senior citizen vans throughout the state. There are more than 100 transit systems using some 7,250 buses. In Fiscal Year 1976-77, over one-half billion trips were made on bus and fixed rail public transit, less than 2 percent of automobile trips. The number of trips has grown by about 10 percent annually since 1972. In addition, private intercity transit companies (such as Greyhound and Trailways) carry about 10 million passengers each year.

The statistics presented in an earlier section showed that passenger trips have now increased to more than one billion annually. That is a significant growth in eight years.

The report also commented on the funding problems of the industry. The point was made that farebox revenues covers only about one-third of most systems' maintenance and operation costs, with the remaining revenues coming from a variety of sources. In the disposition of other funds, several San Francisco Bay Area operators relied heavily on local general funds and property taxes, while SCRTD in Los Angeles received almost no funds from these sources. Thus, the

passage of Proposition 13 was expected to affect different operators in different ways. The report also commented on the labor cost problems of the industry.

Operating expenses will continue to rise for all operators. Labor costs are about 85 percent of operating expenses today, followed by fuel and insurance costs. Transit labor unions are strong in California. In 1976, bus operators for San Diego, AC Transit, San Jose, San Francisco, Golden Gate Transit, and Los Angeles were among the Nation's top 13 bus operators for wages, all with basic wages of at least \$6.67 an hour. It is likely that labor costs -- and thus operating expenses -- will continue to increase at least as fast as inflation.

In the 1978 report, the Commission asked, Should UMTA assistance programs (Section 5) be modified so that matching requirements would equally favor transit operations, maintenance and new equipment purchases?

The Commission recommended that changes should be made that would equally favor transit operations, maintenance and new equipment purchases. The Commission also asked, Should limitations on the use of State Highway Account revenues, imposed by the State Constitution, Article XIX, be modified? The Commission answered its own question by recommending that Article XIX of the California State Constitution and supporting statutes should be amended to include all forms of public transit and ridesharing as eligible for 25 percent of each county's Highway Account revenues, upon approval of the local electorate, but only when transportation revenues are adequate to meet street and highway needs. Such revenues should be permitted for expenditure on passenger facilities, vehicles, equipment and services.

A careful reading of the 1978 report suggests that the Commission was trying to find some way to make a statement about public transportation. While discharging its fund allocation responsibilities, the Commission also raised specific questions and formulated some general principles.

1980 Biennial Report

Applicable Transit Legislation: SB 620 (1979), which created the State Transit Assistance (STA) program for local transit operators and redesignated the

Transportation Planning and Research Account to the Transportation, Planning and Development (TP&D) Account. It also authorized TP&D account funds to be appropriated to Caltrans for an expanded role in intercity bus operations and to the Commission to program and allocate funds to exclusive mass transit guideway projects. The Commission's new program was named the Transit Capital Improvement (TCI) Program.

Commission Involvement: The 1980 biennial report gave extensive treatment to public transportation financing in California. The depth to which this aspect was analyzed indicates the concern felt by the Commission that public transportation (and highway) funding was in bad shape, and the future of needed programs was in jeopardy.

It was pointed out that approval of California's Transportation Development Act in 1971 and the federal operating assistance program established in 1974 spurred public transit growth throughout California during the decade of the 1970's. During the last five years, transit patronage increased 35 percent, transit service (measured by revenue vehicle miles) increased 37 percent and the number of transit operators grew from 40 in 1974 to well over 100 by 1980. Many of these new transit operators served the State's smaller urban areas and a significant number provided specialized service to California's elderly and handicapped population. Such expansion, based on growing needs and increased demands, created pressures on operators. But there were other pressures. Inflationary wage rates and fuel prices severely taxed the ability of operators to continue existing services. The pressure on the capital side was just as great. The price of a 40-foot transit coach increased from \$56,000 in 1974 to \$145,000 in 1980 - a rate of increase of 21 percent per year compounded.

To counter the growth in public transportation operating costs, new sources of operating assistance were instituted. These new sources changed the composition of public transportation financing, as shown in Table 4-1.

The 1980 biennial report took care to summarize the changes in the various components, as shown below.

Passenger Fares: Once the dominant source of operating revenues, fares now provide only one-third of operating

Table 4-1
MAJOR SOURCES OF TRANSIT OPERATING FUNDS 1974-75 AND 1979-80

	FY 1974-75 ⁽¹⁾		FY 1979-80 ⁽²⁾	
	TOTAL (\$ millions)	PERCENT	TOTAL (\$ millions)	PERCENT
Operating Expenses	396.1		784.0	
Operating Revenues				
<u>Operator</u>				
Passenger Fares	135.0	34.1	243.1	31.0
Non-operating income	5.2	1.3	17.2	2.2
<u>Local</u>				
Local Transportation Fund (TDA Funds)	109.8	27.6	205.1	26.1
Sales Tax	20.0	5.0	82.0	10.2
Property Tax	74.0	18.7	53.1	6.8
Other	52.7	13.3	15.1	1.9
<u>State</u>				
State Transit Assistance Program	0	0.0	5.9	1.0
<u>Federal</u>				
Section 5	0	0.0	146.5	18.7
Other	0	0.0	7.5	1.0
Total Revenue	396.1		775.5	
Net Income	0.0		(8.5)	

SOURCE: 1. Caltrans. Annual TDA Report 1973-74, Sacramento.
2. State Controller Annual TDA Report 1979-80,
Sacramento.

costs. SB620, passed in 1979, has established farebox requirements that will keep fares at a constant level of support. The new regulations will require continual increases in transit fares in response to the annual operating cost increases.

Sales Tax: Counties are authorized to levy an additional one-half cent sales tax for transportation if the tax increase is approved by the voters. To date, this optional tax has only been approved in the Bay Area Rapid Transit District counties, Santa Clara County, and Santa Cruz County. Los Angeles County voted on a sales tax in the 1980 election, but the election result is being contested in court over the two-thirds majority requirement of Proposition 13. If Los Angeles County succeeds in reducing the voting requirement to a simple majority, then the local sales tax will rival Transportation Development Act (TDA) for importance in subsidizing operations and providing matching funds for capital grants.

Local Government Contribution: The voters' approval of Proposition 13 (1978) and Proposition 4 (1979) have severely restricted local governments' ability to contribute to transit operations either through general fund transfers or directly through the property tax. Contribution from property taxes have declined from 18.7 percent to 6.8 percent in the last five years.

State Transit Assistance Program: This program was created by SB620 in 1979 and provided only one percent of the operating costs for the 1979/80 transit budgets. However, when the full impact of the \$50 million a year program is counted, State assistance will provide between five and ten percent of operating costs.

Federal Aid: The Urban Mass Transportation Administration (UMTA) Section 5 program now provides nearly 20 percent of transit operating costs. The level of future Federal Aid is uncertain until Congress approves a new transportation funding bill. The Reagan Administration has proposed a phased elimination of transit operating assistance over a five-year period. With elimination of the program as a starting point in the negotiations, it is unlikely that a political compromise will provide even the existing level of funding for transit.

Transportation Development Act: TDA funding has been a stable source of transit assistance over the last five years. Since the aid is tied directly to taxable retail sales in each county, the program provides a countering force to inflationary cost increases. TDA funds will

continue to provide a stable contribution to financing transit operations in future years. The only weakness in TDA support occurs when operating costs increase faster than the growth in sales.

Financing Capital Proposals: During the period 1974-1979, transit operators estimated their annual capital budgets at \$300 million, including nearly \$200 million in federal grants. However, UMTA obligated only \$950 million to California transit operators from 1970 to 1978, an annual rate of \$120 million and only 60 percent of the budgeted program. The limited amount of federal funding has delayed implementation of a number of projects and forced compromises in the design of many others. Since UMTA contributes 80 percent of the total project cost, decisions on federal spending determine the level of transit development in California.

It might be observed that, although those words were written in 1980, they have considerable relevance for conditions in 1986. Any proposal for improving funding for public transportation could very well use this summary as a starting point.

In the 1980 biennial report, the Commission listed a series of principles on which its recommendations were based. Four of these are relevant in the context of this study:

1. The California Transportation Partnership:

California's streets, roads, highways, air, rail and transit represent a statewide system of transportation. The on-going development, operation, and maintenance of this system are the shared responsibilities of State, local, and regional government agencies. These shared responsibilities represent a partnership of mutual obligation and interest.

2. Reaffirmation of State Transportation Needs:

There is a statewide interest in ensuring the development of an integrated transportation system which responds to the differing needs of the diverse types of communities and regions in California. Rural areas tend to be dependent on highways, while the needs of urban areas with their higher densities make mass transit a reasonable alternative. The statewide transportation system

should consider all modes of transportation in concert with the transportation needs of the different regions and communities of the State.

3. The Importance of Economic Development:

There is a statewide interest in ensuring development of adequate transit, highways, streets, and roads for continued economic development and job creation in California, both for the movement of people and goods.

4. The Continued Need for System Flexibility:

Until recently, the solution to California's transportation needs has tended to be viewed, almost exclusively, in terms of highways. From time to time, the Commission will have the opportunity to save rail rights of way or protect potential general transportation corridors. To the extent practical, those areas must be protected for future public use.

From what has been presented so far, it is clear that the Commission took its total transportation responsibilities seriously during the early years of its existence. The Commission developed public transportation principles that correctly identified public transportation needs and problems, but it is unfortunate that only a few of those principles were translated into effective action. This seems to have been recognized by the Legislature and legislation was developed that might improve the Commission's involvement.

In 1984, Senate Bill 283 (Chapter 95, Statutes of 1984) revised the reporting responsibilities of the California Transportation Commission from a biennial to an annual report. The previous requirements were general and permissive as to the report's contents, although each biennial report was to include "an overview of necessary future investments in the development and operation of the transportation system in California, including identification of potential sources of additional revenue needed to finance such investments." As already noted, biennial reports were prepared, adopted and submitted to the Legislature in 1979 and 1981, examining transportation financing in California for state highways, local roads and streets, and public transportation.

The new reporting requirements were more proscriptive. They required a summary of the Commission's prior-year decisions as to policy and specific project allocations, as well as a discussion of any important upcoming transportation issues of public and legislative concern.

1984 Annual Report

Applicable Transit Legislation: AB 1010 (1981), which specified that Caltrans recommend and the Commission allocate TP&D Account funds in the State Budget for intercity and commuter rail passenger services. This bill also required Caltrans to prepare and the Commission to give advice and consent on an annual rail passenger development plan; SB 1331 (1982), which established a county minimum formula for use by the Commission in allocating state funds available for guideway projects.

Commission Involvement: The 1984 Annual Report stated that for the first time since the adoption of the 1980 STIP, the 1984 STIP presented a picture of relative financial normalcy. This was a function of new revenue generation for highway projects. Also, some capital funding for transit prospects had become available through the passage of the federal Surface Transportation Assistance Act of 1982. Although some funds were available at the federal level, this was not true for State funding. This caused the Commission to state its concerns regarding three situations:

- disparity between revenues, and programmed and proposed guideway projects;
- continued revenue decline in the TP&D Account; and
- effects of shortfalls in SHA revenues on Article XIX guideway programs.

The following comments were made in the 1984 annual report about these three situations:

- Guideway Funding Disparity - In March, 1984 the Commission submitted a report to the Legislature on high-priority guideway projects. The report,

which was mandated by SCR 46 of 1982, indicated that the cost of completing all of the projects on the Commission's priority list was between \$5.7 billion and \$8.3 billion before taking inflation into account. At best, the federal government would finance about 50 percent of these projects instead of the 65 percent assumed in 1982, when a five-year transit element was first included in the STIP. If the local share of project costs increases from ten to twenty-five percent to offset this loss, the state's share would remain at 25 percent. The state would therefore have to provide between \$140-207 million annually for guideway capital projects over the next decade if these systems are to be built. Given the demands on state resources, this level of support is simply unachievable.

(This is not, as has been suggested by some critics, a statement of highway bias, but rather that there are no sources of dedicated public transportation funding, at the State level, that could raise such amounts).

- Revenue Declines - TP&D Account -The most pressing problem facing the state's mass transportation program is the continued decline in revenues coming into the TP&D Account; it is serious. In March, 1984 the Commission reported to the Legislature that the revenue flowing into the TP&D Account between 1982-87 was \$390 million (or 37 percent) below that projected for the same period when the 1982 STIP was adopted. The basic cause of the decline is the volatility of the statutory formula for channeling revenue from the sales tax on gasoline into the Account. The Account's revenues are determined by a complicated formula based on the relationship between revenues from the sales tax on gasoline and revenues from the sales tax on other items. The formula makes the Account's revenue very sensitive to the price of gasoline: for each \$.01 change in the average annual price of gasoline, TP&D revenues will fall or rise by about \$4 million. Since gasoline prices declined in 1982 and 1983, while retail sales tax revenue from other items increased, TP&D revenues are declining instead of growing.
- Article XIX Guideway Program - The detailed analysis done for this report showed that the State Highway Account would be unable to meet all its commitments, beginning in either 1986-87 or 1987-88. Since state law identified guideway projects as

the lowest priority for the use of highway funds, beginning in 1986-87, either commitments to the Article XIX guideway program must be reduced, or new revenues must be made available.

In concluding its 1984 annual report the Commission pointed out that during the past two years it had reported to the Legislature and the Administration on the general problem of transit financing and the specific issue of the volatility of TP&D revenues. The Commission noted that it had taken administrative action to deal with these problems. Benefits and costs of major transit projects were carefully scrutinized before state funds were committed for construction. The Commission developed policies to increase local participation in guideway costs, and protect the state from exposure to cost overruns. The Commission also increased the minimum local match for state capital funds from ten to twenty percent. And, in the previous two years, the Commission made no new multi-year commitments to transit projects financed from either the TP&D Account or the State Highway Account through the Article XIX guideway program. The Commission could only do so much and its final comment pointed up the need for legislative action.

...However, the deterioration in program revenues is such that the administrative remedies are inadequate to resolve them, and therefore legislative action is needed. The programs dependent upon TP&D revenues cannot be sustained in their present form during 1985/86. The funding problems of the State Highway Account, while they are not as imminent, are just as severe. Therefore, legislative action is needed, to increase the revenues available to the programs, or to eliminate them...

The problems highlighted in the 1984 report were still present in 1985.

1985 Annual Report

Applicable Transit Legislation: - SB 300 (1985), which established a funding level of \$110 million per year for the TP&D Account and allowed sales tax revenues on diesel fuels to supplement the Account; SB 367 (1985), which stabilized the TP&D Account with diesel fuel sales tax revenues and established a cap of \$110 million per year on the Account.

Commission Involvement: The 1985 annual report confirmed what had been presented in the 1984 report -- that the transportation funding situation facing the state was deteriorating and there did not seem to be much relief in sight. The Commission highlighted five areas of public transportation that needed action:

1. Continued disparity between revenues and programmed and planned guideway projects.
2. Declining revenues for the TP&D Account.
3. Impact of SHA shortfall on Article XIX guideway program.
4. The need for legislative consideration of incentives to achieve cost reduction in public transportation.
5. The changing roles of participants in the San Francisco Peninsula service.

The Commission's evaluation of these five areas as contained in the 1985 annual report is summarized below:

1. Guideway Funding Disparity - The guideway projects reviewed were four existing systems: San Diego Trolley, San Francisco Muni, the Caltrans Peninsula Commute Service, and the Bay Area Rapid Transit System, plus new light rail systems in Sacramento and Santa Clara and the Los Angeles Metro Rail Project. The total capital funding needs for these projects would be approximately \$4.1 to \$4.6 billion over the next decade. The total could exceed \$5.3 billion if construction of the Los Angeles Metro Rail Project extended over a longer period than currently planned. This figure does not include new systems or extensions.

The State share of total needs of the seven existing and approved systems is approximately \$529 million. Available State revenue during this same period was estimated to be about \$372 million, leaving an unfunded balance of \$157 million. With the recent passage of SB 300, an additional \$100 million is estimated to be available, reducing the

shortfall for programmed projects to \$57 million. No State funding will be available for new systems or extensions during the same period.

2. Revenue Declines - TP&D Account - The Commission stressed that, as reported in 1984, the most pressing financial problem facing the State's mass transportation program was the continued decline in Transportation Planning and Development (TP&D) revenues. In the Evaluation of the Department of Transportation's Proposed 1985-86 Budget, the Commission indicated that lacking any structural change to the TP&D funding mechanism, existing funding commitments would have to be reduced, postponed, or otherwise adjusted. This problem was due primarily to the volatility of the formula that transfers sales tax revenues into the TP&D Account. Because of the Account's gasoline price sensitivity and gasoline's falling price relative to retail sales, TP&D revenues continue to decline.

Recently, the Legislature attempted to provide additional revenues by making adjustments to the sales tax formula through SB 300, recently signed into law. These adjustments will provide short-term relief from the funding problems that mass transportation faces in California. Assuming gasoline prices remain at their low levels relative to retail sales over the next five years, \$58 million in additional funds could be made available for new projects or to cover any anticipated shortfall in Article XIX funding. As outlined previously, concerning the disparity between anticipated funding and programmed or planned projects, the additional funding will be of short term and limited benefit.

3. Article XIX Funds - The Commission reiterated what it told the Legislature in 1984 - viz., that an anticipated shortfall would occur in the State Highway Account (SHA), meaning that all commitments could not be met. Current estimates are that this situation will begin in 1989/90, but possibly sooner if State cash is used to substitute for ever-diminishing federal funds. The Article XIX guideway program is funded with State gas tax revenue through the State Highway Account and, pursuant to State law, guideways have the lowest priority for State funding relative to operation, maintenance, and rehabilitation of the State highway system and federally funded State highway projects. Unless the State cash shortfall in the State Highway Account is resolved, commitments

to the Article XIX guideway program must be reduced causing delays in the projects programmed for funding.

Because most of the projects are programmed through the TP&D Account, except for the Los Angeles Metro Rail project, adjustments could be made with the additional TP&D funds provided through SB 300. Therefore, the biggest effect will be on the Los Angeles Metro Rail project. Because this project is stalled due to the lack of federal construction funds, it is difficult to determine how much effect the SHA funding situation will have in any one year. However, the Metro Rail project is the largest, most expensive, and the highest priority guideway project in the State. Also, all State matching funds are programmed from the SHA, and any available TP&D revenues provided through SB 300 would not be nearly enough to cover SHA reductions requiring delays in funding to Metro Rail and affecting the programming for all other projects. Additionally, substitution of TP&D funding for lost Article XIX funding removes much of the flexibility in the TP&D Account, which unlike Article XIX funding, can fund vehicle-related, Department commuter rail, and other transit capital investments. Also, loss of Article XIX funds for Metro Rail could adversely affect north/south programming requirements in the State Highway Account.

4. Cost Reductions In Public Transportation - The Commission took the opportunity to define and discuss a matter of considerable concern. During the 1970's, the State of California saw the rapid development and improvement of mass transportation systems. Concern for mobility and air quality improvement coupled with energy shortages and long gasoline lines prompted increased action. Mass transportation development also occurred during a period of relatively low levels of inflation and high levels of federal spending. In California, transit systems benefited from expanded State revenues both for operating subsidies and for fixed capital investments.

Unfortunately, this revenue did not bring proportional improvements as both operating and capital costs rose significantly. Rapid increases in insurance-liability costs are becoming a matter of concern as some transit systems are considering self-insurance as the only means of continuing service. Long lead times on many fixed capital

investments make the cost of guessing wrong significantly greater.

Because of the shifting emphasis, this period cannot be considered an era of expanding mass transportation development. A rising federal budget deficit has brought decreasing support for operating subsidies. A belief that is receiving growing support is that, with increasing costs, money already appropriated has not been well spent. Some of the issues of the 1970's are fading from concern. Energy costs have leveled out and even started dropping. How well money is spent and other cost effectiveness considerations are now of chief concern. The Federal Government has mandated criteria to evaluate new fixed capital investments matched to expected ridership gains. A closer look at more efficient use of facilities will be required so that transit systems are not over built and under used. Fare structures must keep pace with costs and costs must not be allowed to get ahead of ridership.

With urban areas expanding and consolidating, there is a growing need for a greater regional emphasis to funding mass transportation systems. New funding should be tied to promoting better integration of the systems that exist. Haphazard transportation development often can be linked to misdirected funding. This will only hasten gridlock conditions and eventual breakdown of the mobility necessary for economic development.

There has been much talk about strategic planning and strategic management terms borrowed from the private sector. Better strategic planning of mass transportation will be necessary to make sure funds are well spent.

The Commission suggested that this was something to which the Legislature might want to direct its attention.

5. San Francisco Peninsula - Because of the rather unique nature of this operation it comes under Commission scrutiny. And once more the Commission suggested this was something to which the Legislature might want to turn its attention. The need for transit service along the Peninsula Corridor that is fully integrated with other services on or adjacent to the corridor continues to grow. Significant portions of Route 101 and 280 are at capacity without any realistic means of

expansion. In addition, the Senate Concurrent Resolution (SCR) 74 Study, conducted by the Metropolitan Transportation Commission (MTC), projects a 30 percent increase in travel demand by the year 2000.

While the Peninsula Corridor transit service is very important to the growing problem on the existing State-owned highway system, the Legislature should consider the transfer of ownership and operation of the service to local jurisdictions because of its regional rather than statewide need.

Because an appropriate local or regional body was absent when private service would have been discontinued, the role of the State was expanded temporarily. To insure that discontinuance would not take place, the Legislature authorized Caltrans to negotiate a contract with Southern Pacific Transportation Company to assume the lead role in the administration of the service.

Though the SCR 74 Study did outline a number of options for consideration along the Corridor, the Study did not satisfy all parties on all issues. Therefore, the SCR 74 study does not recommend a particular technology or modal plan for the corridor. However, the Study concludes that institutional changes need to be made if any alternative, other than status quo, is to be selected.

The study does propose formation of a joint powers agreement (JPA) among the State and Peninsula transit operators to carry forward with the next phase of planning and operational improvements in the rail service. The study also recommended acquisition of the Southern Pacific right of way on the Peninsula for whatever transit system is ultimately selected for the corridor.

Issues for Legislative consideration are:

1. The State involvement in the JPA and the selection of the most appropriate mode of service for the corridor.
2. State funding of operations of the service after expiration of the 10-year contract in 1990. Local concern centers on the elimination of the subsidy if a different mode from the existing one is selected. An appropriate phase out of State subsidy should

be initiated irrespective of the modal choice and require only a local commitment to integrate the various transit systems operating in or adjacent to the Peninsula Corridor.

(This last contention does not sit well with the local participants in the process. They want the control of the service to be in local hands - through the JPA - but they also seek continuation of the state subsidy.)

The 1995 report shows that the Commission was well aware of the problems facing public transportation in California and expressed its concerns clearly. In addition to the policy matters described in this chapter, the Commission has also had the ongoing responsibility of producing the STIP each year, and making sure that projects included meet the relevant priority criteria.

In its first five years, the Commission allocated \$546 million for mass transit, emphasizing projects that were ready for construction and offered significant improvements to transportation services in California. Construction of the San Diego Trolley; improvements to the Muni, BART, and Peninsula Commute systems; and initial work on new systems in Sacramento, Santa Clara, and Los Angeles Counties received most of the funds.

Summary

At the conclusion of this chapter it is appropriate to ask how effective the Commission has been in terms of public transportation and what are some of the matters of significance.

It is possible to list some areas in which the Commission has been involved and effective:

- Preparation of the State Transportation Improvement Program (STIP) and including in it the transit element.
- Development of principles that apply to public transportation, and also presenting policy recommendations regarding funding needs, system flexibility, economic growth and partnerships with local agencies.

- Establishing criteria for evaluating public transportation projects in order to make most efficient use of available funding resources.
- Endeavoring to make the Legislature more aware of the need for additional support for public transportation and suggesting the need for more careful analysis of proposed projects.
- Supporting revenue increases where necessary but ensuring that any revenue increase is accompanied by public transportation cost controls and system efficiencies.

One of the most important issues for the State's mass transportation program in coming years is determining the share of available funding that State Transit Assistance, the Rail Passenger program, and transit capital improvements should each receive. The other is reconciling the growing demand for State investment in major transit capital projects with the reality of a revenue base that, at best, will remain stable in the next decade. The Commission has addressed the latter problem by first identifying a number of projects which appear to be the most cost effective in the State. Since even this listing far exceeds the revenue likely to be available for guideway projects, the Commission has adopted a series of policy statements related to mass transit. They deal with local participation in project costs and with the specific circumstances in which the Commission will consider financing particular types of mass transit projects, such as "intermodal" transfer stations and the acquisition of abandoned railroad rights-of-way.

When the current situation is fully evaluated, however, it must be frankly admitted that the Commission's role in public transportation in California has been limited. The Commission has been active in evaluating and funding guideway systems, but has had little involvement with bus transit, and none in paratransit or ridesharing. It can be suggested that the Commission's narrow focus is due to legislative desires and possible constraints. This may be true, but the Commission does have the opportunity to seek legislative changes, if it so desires.

Chapter 5 PUBLIC TRANSPORTATION INDUSTRY PROBLEMS

A recent transit industry publication contains the following words:

. . . California is the fastest growing state in the Union. By the year 2000, our population will be 30 percent greater than it was in 1980. Our economy is booming too. Between 1981 and 1991, 2.6 million new jobs will be created.

This rapid growth will stretch our transportation system beyond its capacity. Urban areas with high-density populations will suffer the most. Freeways will become more and more congested, with average speeds dropping below 20 mph. Even the planned expansion of our present highway systems will not adequately ease the transportation crunch.

Expanding our transit system is the key to avoiding this crisis. Public transit is the most efficient and economical means of moving large numbers of people in densely populated areas. Access to jobs, schools, housing, health care and other vital services rest upon the availability of adequate public transit . . . ⁽¹⁾

This is a powerful statement, but is it true? The authors of this report think it can be true if the problems currently facing the industry can be solved. This chapter discusses the major problems facing the industry and, in doing so, considerable use has been made of a recent AASHTO publication that addressed this topic.⁽²⁾ The evaluation will cover the problems associated with institutional, operational and organizational environments and pay attention to small area problems.

⁽¹⁾California Association of Publicly Owned Transit Systems (CAPOTS) - Public Transit Excellence/Crisis in Motion, Sacramento, CA (1984).

⁽²⁾American Association of State Highway & Transportation Officials (AASHTO) - Future Directions for Public Transportation in the United States, Washington, DC (1985). The problems discussed in this chapter are taken from that report. Funding problems are discussed in Chapter 6.

Institutional Environment

Innovative solutions to current problems will be a necessary criterion for survival in the industry. Development of such solutions may be difficult, however, because conducive institutional arrangements are lacking, or specific institutional impediments interfere in the process. Changes to such situations will be necessary before problems can be solved. Five functions have been identified under this category; they are described below.

Political Leadership - The apparent rigidity of current institutions often inhibits positive change, and strong leadership may be necessary to overcome this rigidity and introduce new ideas. This is seen in the respective roles of public and private sectors. It has been suggested that owning and operating public transportation services, the public agency should concentrate on its strengths of information and organization, to become a true information broker, a technical and financial advisor, and an overseer of a number of service contracts. This will require tough new policy stands supporting efficient use of the public's investment in transportation infrastructure, rather than compounding current subsidy situations.

Demand Management - Increased subsidies or service reductions and fare increases are not the only means of solving the financial problems of the industry. Another important opportunity is demand management, involving control of levels of demand and making more efficient use of existing facilities and services. Because demand management requires the use of disincentives to automobile use, consideration of this concept will require transit managers and policy officials to become more sensitive to solutions which are highly political, controversial, and socially unacceptable. The ability of the various participants to have such solutions accepted may determine the long-term viability of the public transportation industry, because it is clear that large numbers of people may be affected.

Private Sector Involvement - It has been suggested that the financial problems facing the operations of public transportation systems have increased opportunities for private sector involvement. However, a 1983 conference on the future of public transportation recognized, “. . . the continuing adversarial relationship with private providers and the failure to recognize the potential of or reduction of overall subsidies that is possible through

selective contracting for service and controlled competition. . ." This suggests the need for a careful approach to this opportunity.

Role of Labor - Labor costs account for about 70 percent of total operating expenses nationwide. In all, about 88 percent of U.S. transit systems are subject to union agreements specifying wage rates, benefits, conditions, and work rules. These agreements are a strong institutional factor in ensuring higher wages than might normally be expected, and in creating cost problems for many transit operators. However, in recent years, there have been several examples of concessions forced on labor and of state legislative action allowing the use of part-time labor.

Goals Articulation - There is a need for federal, state, and local governments to define specifically their interest in providing public transportation - and ensure that goals developed for this purpose are consistent. In addition, they should assess benefits that can be expected if the specified goals are achieved.

As an example, the federal, state and local governments may want to encourage transit usage to (1) reduce pollution and conserve energy; (2) reduce traffic congestion and encourage economic development; and/or (3) provide service for the elderly, handicapped, and poor. Once these goals have been set, financial responsibility can then be determined commensurate with the desired objectives. What complicates determining financial responsibility is the overlapping goals of all three levels of government.

Operational Environment

The point has been made earlier, but it is worth repeating here: one of the major challenges facing public transportation is the changing structure of urban areas. Several points should be noted:

1. The form of cities will continue to evolve along lines broadly similar to those of the past 30 years. The downtown-oriented work trip market - historically the bread and butter business of transit systems - will change with the changing fortunes of the individual downtown areas. In some cities there will be continued decline; in others, there may be substantial growth in potential patronage. The central city nonwork trip market will generally be stable or declining.

2. In the next two decades, most growth will occur in the suburbs. Suburban person miles of travel are forecast to increase from 27 percent to 33 percent of total person miles of travel by 2000. In attempting to provide transit service in the suburbs, certain difficulties will be encountered. Suburban areas are comprised of many political jurisdictions making financial and service equity difficult to achieve.

In addition, transit operators will find it difficult to provide adequate levels of service without increasing their operating deficits.

3. The transportation-disadvantaged markets may grow, but likely increases in the number of elderly or handicapped persons do not necessarily imply comparable increases in the supply of public transportation. The demand increases that do occur will often be in areas not easily served by, or in service forms not easily provided by, conventional transit. The poor may be increasingly concentrated within metropolitan areas, but like the elderly, will also be found in growing numbers in the suburbs as well as in central cities.

These operational features obviously create problems but also provide opportunities. Some transit operators have already begun to respond to this changing operational environment. The use of paratransit is a case in point. Paratransit responds to the market demands of special users, such as elderly and handicapped persons, and can provide more efficient service in low density areas.

Organizational Environment

It has been suggested that opportunities exist in this area for combining systems to increase efficiency and thus eliminate some cost problems. The organization structure of a public transportation agency may give some indication of the role and efficiency of that particular body. Three types of public transportation organizations have been identified in a recent report:

1. The "full service" transit authority which has funding and implementation powers to provide both conventional and non-conventional transit services within a single organization.

2. The areawide transit funding agency which has one organization for transit policy making and funding and another for managing and operating actual transit services.
3. The multiple transit service organization which allows local governments, independent ridesharing agencies, taxis, and social service agencies to operate in competition with each other.

One school of thought suggests that combining conventional and non-conventional services within a single agency would provide needed coordination and adequate service levels. But the contrary viewpoint suggests that a single agency would not be as cost effective as a situation where independent groups and organizations are in competition.

Small Area Problems

A comparatively recent survey by AASHTO found that of the almost \$9 billion expended on public transportation operating costs in urban areas in 1984, approximately 10 percent (some \$900 million) was subsidized by the federal government and 22 percent (almost \$2 billion) by state assistance. Non-urbanized areas expended \$166 million on operating costs in 1984 with the federal share being \$50 million or 30 percent with states assisting in the amount of \$37 million or 22 percent.

It is costing a lot to provide such services but even then the coverage is far from optimum. A recent analysis showed that:

- No more than 3 percent of federal transportation assistance goes to non-metropolitan areas where about fifty-six million people live - this is 25 percent of the U.S. population.
- There are just under two public transportation vehicles for every 10,000 persons in the non-metro areas.
- Only 340 of the nation's 4,600 towns with populations between 5,000 and 50,000 had public transit systems in 1980.

- Average non-metro household residents traveled some 37 percent more miles to work and 54 percent more miles a year in trips for shopping, health care, and other family business, than did residents of the average metro household.
- Eighty-two percent of non-metro workers in the 1980 Census reported that public transportation was not available for them to use.

It is clear that residents of small areas are not well served by public transportation. Should they be served? It will be costly to provide the public transportation service necessary to address these needs and mobility problems. A characteristic common to all non-metropolitan areas is that their populations are low-density or dispersed, requiring long travel distances and subsequent high costs. Whether the service provided is community-wide fixed route, individualized demand-responsive, or some combination of these, substantial subsidies will be required. Convincing the public and elected officials of the need to provide such transportation service will be difficult and compounded by the federal government's proposal to discontinue operating subsidies.

Summary

This chapter has listed several areas in which public transportation operators are facing major problems. The operators must recognize that these problems must be faced in an industry that is changing.

Whereas most ridership gains in the past were due to low fares or service expansions, future ridership gains will have to be achieved through innovative approaches to public transportation. The ability to operate public transit services at current or higher service levels, in a cost-effective manner, will be the operator's greatest challenge in the coming years.

In areas well served by transit, public operators must strive towards maximizing their share of the commutation market. Maximization should not occur through holding fares artificially low, but rather through improvements to existing services, increasing rider's perception of service quality and concentrating

on making transit dependable and safe. The major challenge is to make public transportation more competitive against the automobile.

Public operators must also continue their current efforts to control operating costs. Operators must constantly review their procedures and techniques to ensure that public transportation services are provided in the most cost effective manner. In particular, operators must continue to try to hold the line on labor costs, and attempt to increase labor productivity.

Public operators must also do whatever possible to capture non-farebox revenue. Operators need to look beyond the traditional non-farebox revenue sources (such as advertising) and implement other programs or policies as appropriate.

A change in emphasis will be necessary if transit managers are to have the flexibility and freedom to allow them to operate effectively. This will require an awareness of the different responsibilities of the management group and the governing boards, and the acceptance of different roles by the participants.

The managers of the future (and their governing boards) must recognize that the days of unlimited federal funding are over and new dedicated funding sources must be developed at the local level. The challenge for the future will be how to manage urban transportation with limited resources.

Will the California Transportation Commission have a role to play in these developments? Will it be possible for the Commission to assist the industry to solve the problems that have been listed? The preliminary answer is yes, the Commission can probably be of assistance. Some of the problems/opportunities summarized are matters in which the Commission has more than a passing interest.

Chapter 6

THE FUNDING DILEMMA

The funding problems facing the public transportation industry in California have been well documented in recent months. It is of interest to review what has happened in order to see why the present situation has developed.

Historical Overview

Prior to 1961, federal support for public transportation in the U.S. was virtually nonexistent. This was really an indication of success; most of the systems were privately owned and solvent in the sense that system revenues exceeded system operating costs. However, this state of affairs soon changed as transit ridership and revenues began to decline dramatically. This trend first became apparent in the early 1950s and accelerated in the 1960s. Urban population and employment became more dispersed, and less transit-oriented, and the growth in automobile ownership and use accelerated the demise of the private transit companies.

The decline in private investment (and interest) in transit saw the modest beginnings of federal assistance. The federal government authorized an amount of \$75 million in the 1961 Federal Housing Act for demonstration projects and capital improvements for transit. But it did not take long for federal involvement to increase substantially.

In 1964, Congress established the Urban Mass Transportation Administration (UMTA) and provided, for the first time, federal dollars for capital improvements, research and development, and other non-operating purposes. By the late 1970s, Congress had expanded the federal program to include the substitution of transit projects for highway projects, the provision of operating subsidies, and the expansion of capital and operating assistance to small urban and rural areas. The future federal role in public transportation, however, is uncertain.

The uncertain status is a reflection of changes in political emphasis. When the Reagan administration was elected in 1980, it proposed that governmental responsibilities in several major policy areas be realigned. Specifically, the administration sought to define the responsibility for programs jointly administered or financed by several levels of government and to transfer this responsibility for a number of federally financed programs that were actually non-federal in nature to the states and localities. With regard to public transportation, this meant the proposed elimination of all federal operating subsidies for transit, the reduction of other federal subsidies for transit, and the ultimate return of all transit programs back to the states. In addition, the administration also viewed the private sector as a catalyst and a contributor solving many problems that have been historically seen as public sector responsibilities.

This new philosophy has become apparent in a number of policy initiatives that were developed during the past four years. The Surface Transportation Assistance Act of 1982 eliminated the operating assistance program and replaced it with a block grant program that could be used for both capital and operating programs. However, the levels of operating subsidies were less than those allocated in 1982. In addition, UMTA issued a policy toward major capital investment that directed capital funds to those transit properties that have proven to be cost-effective from a ridership, travel time, and operating cost perspective, and to those which showed significant local financial support in the form of a stable and reliable source of funds to operate a system when it is completed. The policy suggests that financial support for a system, however cost-effective it may be, will not be the only consideration. There is little likelihood that major federal involvement will occur unless the operating side of the system's expense becomes the responsibility of those receiving the benefit of the project. This represents a significant change in philosophy.

Federal Funding Sources

Transit industry funding is federally-driven. Table 6-1 shows federal appropriations for transit capital and operating assistance for federal fiscal years 1980 through 1985. Operating assistance is available on a formula apportionment basis, while capital assistance is available on both a formula and a discretionary basis.

Table 6-1
FEDERAL APPROPRIATIONS FOR PUBLIC TRANSIT (NATIONAL)
1980 - 1985
(Millions of Dollars)

<u>CAPITAL</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>TOTAL</u>
Discretionary	1,655	2,125	1,421	1,641	1,100	1,100	9,042
Formula	<u>300</u>	<u>350</u>	<u>350</u>	<u>1,081</u>	<u>1,444</u>	<u>1,503</u>	<u>5,008</u>
Total	1,955	2,465	1,751	2,722	2,544	2,603	14,050
 <u>Operating</u>							
Formula	1,105	1,105	1,026	875	875	875	5,871

SOURCE: UMTA - Financial Data Annual Reports, Washington, DC.

The tabulation shows that federal capital assistance has increased moderately in recent years. It also shows, however, that there has been a marked change in the way this assistance is provided. Almost 60 percent of all federal capital assistance is now provided through formula apportionments.

California's share of federal apportionment is presented in Table 6-2. The state's share of formula capital assistance was approximately \$214 million in federal fiscal year 1985.

Since 1983 federal operating assistance has been capped at \$875 million annually, an amount equal to about 80 percent of its previous level. Of the total, about \$125 million in operating assistance goes to California public transit operators annually.

It is still difficult to estimate what might happen in Washington, D.C. Some action is occurring in the House and Senate but it is not yet final. However, it seems likely that discretionary capital assistance will be reduced by somewhere between four percent and ten percent, while capital assistance apportioned under formula is likely to be reduced by 16 to 24 percent below last year's level. Also, although the House bill has retained the \$875 million level of operating assistance, the Senate version reduces funding to \$856 million, or by about two percent.

Table 6-2
FEDERAL APPORTIONMENTS FOR PUBLIC TRANSIT (CALIFORNIA)
1980 - 1985
(Millions of Dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>TOTAL</u>
<u>CAPITAL-URBAN</u>							
Discretionary	138.9	169.6	193.2	253.6	220.7	91.3	1,067.3
Formula - Sec. 5	42.3	49.4	49.7	50.6	--	--	192.0
Formula - Sec. 9	<u>--</u>	<u>--</u>	<u>--</u>	<u>100.3</u>	<u>197.5</u>	<u>213.6</u>	<u>511.4</u>
Total	181.2	219.0	242.9	304.2	418.2	304.9	1,770.7
<u>OPERATING-URBAN</u>							
Formula - Sec. 5	153.3	153.2	152.6	133.2	--	--	592.3
Formula - Sec. 9	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>125.0</u>	<u>125.0</u>	<u>250.0</u>
Total	153.3	153.2	152.6	133.2	125.0	125.0	842.3
<u>CAPITAL OR OPERATING -- NON-URBAN</u>							
Formula	3.3	3.2	3.0	4.0	3.1	3.1	19.7

SOURCE: Division of Mass Transit, Caltrans.

NOTE: Represents apportionments, not funds received or expended.

It seems that if a real effort is made in Washington to reduce the federal deficit, transit funding will no doubt take its lumps. The worst-case scenario will see the elimination of federal operating assistance and a significant reduction in federal capital assistance. The best-case scenario is probably the status quo, with operating assistance remaining at the \$875 million level and capital assistance staying at about \$2.3 billion annually.

Perhaps the final result will lie somewhere in between and public transportation operators in California will have to react accordingly.

It is important to note that the California Transportation Commission has no jurisdiction over any federal public transportation funds. Most of the funds go directly to local public bodies and agencies making applications based on relevant criteria. Specific areas or categories of expenditures may have amounts earmarked during the Congressional legislative process.

Federal Funding Update

UMTA's final formula grant apportionments for FY 1986, established in March, represent a 4.3 percent reduction mandated by the Gramm-Rudman-Hollings balanced-budget law. These apportionments also included some lapsed Section 5 funds and other adjustments. The overall reduction in funds for FY 1986 does not affect the federal operating assistance caps. Within the total apportioned funds, transit systems may still use an amount for operations assistance up to the full cap established by the Surface Transportation Assistance Act of 1982. Thus, Congress has rejected Administration efforts to terminate operating assistance and has voted to freeze total operating assistance in FY 1986 at FY 1985 levels.

The administration continues to believe that funding of local transportation is not an appropriate federal government role, because benefits accrue locally. For 1987, the administration seeks three fundamental changes in the subsidies provided for mass transit. First, except for \$52 million required for a previous federal commitment, no general fund appropriation would be sought for mass transit activities. Second, funding from the mass transit account of the highway trust fund would be limited to the level of receipts provided by one cent of the gasoline tax. Third, these subsidies, along with certain highway resources, would be distributed by formula block grant to states and large urban areas for use on local highways and/or transit projects. States and localities would be given flexibility in determining whether their federal transportation assistance can best be used for highway or transit projects.

In 1987, \$1.2 billion would be provided from user fee receipts. The majority, about \$1.1 billion, would be distributed by existing formulae to states, with a requirement that they pass through certain amounts to large urban areas. This \$1.1 billion would be combined with \$2.2 billion of highway funds to form an aggregate pool of \$3.3 billion for the proposed transportation block grant. States and large urban areas could then use their block grant funds on local highway or public transportation capital projects, at their discretion, provided that they make matching contributions of at least 25%. In addition, only small urban and rural areas could use transportation block grant funds for transit operating subsidies, provided that a 50% match were made. The remaining funds, about \$100 million,

would be used for program administration, research (including a continued emphasis on promoting private sector mass transit initiatives), planning, and special assistance for the elderly and handicapped.

The administration is also proposing an immediate end to discretionary subsidies for building new or expanding rail transit systems. These subsidies have promoted the construction of local transit systems, some of which are now perceived as unnecessary, too costly, and underutilized.

Congressional acceptance of the Administration's proposed approach to funding transit needs is doubtful. Speaking for the transit industry, APTA Chairman Warren Frank believes that the Surface Transportation Assistance Act of 1982 "represents a sound, effective mechanism through which to continue the federal partnership in transit", and has urged the Congress to "extend the federal transit program in its current form without significant change". Both the future magnitude of federal funding for transit and the form of delivery of these funds are currently in debate.

Further complicating the debate relating to federal support for transit are the on-going FY 1987 federal budget proceedings. Congress and the White House are on course for a budget deadlock that would leave transportation and other domestic programs with uncertain funding close to the October 1 start of the next fiscal year. The uncertainty for highway and transit programs is even greater, since most programs that were authorized by the Surface Transportation Assistance Act of 1982 will technically expire at the end of this fiscal year unless reauthorized.

As hopes of avoiding an autumnal round of Gramm-Rudman cuts grew fainter in April, the Senate readied for early debate on a budget voted out of the Senate Budget Committee. That plan includes cuts in transit programs as proposed by the Administration, as well as the sale of Conrail. The leadership of the House Committee on Public Works and Transportation can be expected to ignore the Administration's proposals for consolidating highway and transit programs as they tackle the required reauthorization bill within a month or so. Even without the major government-wide budget decisions made elsewhere to guide them, the Public Works leaders hope to get their bill through the House before summer.

Heavy cuts in transportation programs are being considered by a small group of key House budget makers in case they have to come up with a budget plan for FY 1987 without any tax increases to help them reach Gramm-Rudman deficit reduction targets. Transportation bills won't be dealt with until some of the smoke clears on government-wide budget and tax questions. Both the appropriators who will mark up FY 1987 spending bills, and the authorizing committees who hope to produce new transit and highway authorizations in the next few months, would like to have the benefit of broad assumptions about budget ceilings for those categories that the budget process is supposed to produce.

A Supreme Court decision on a constitutional challenge to Gramm-Rudman was made in late May. The Supreme Court agreed to a lower court ruling that the across-the-board automatic cuts mechanism is, in fact, unconstitutional. Therefore, Congress will have to get directly involved in recommending the cuts, if necessary.

Thus, various issues of extreme importance to the future of transit programs in California are now being debated in Congress and elsewhere across the country. A fundamental question raised by this study is whether the Commission should play a more active role in this debate and, if so, how to do so?

State Funding Sources

It was pointed out in an earlier chapter that there are a number of state public transportation sources in California, and they are currently experiencing problems.

The Transportation Planning & Development (TP&D) Account in the State Transportation Fund supports Caltrans' mass transportation and planning programs. The account provides funding in the transit area for:

- The State Transportation Assistance (STA) programs;
- Operating subsidies for three state supported rail operations; and

- Transit capital grants under the Transit Capital Improvement (TCI) and Intercity Rail Capital programs.

The account receives the vast majority of its revenues (87 percent) from that portion of the retail sales tax on gasoline commonly referred to as the “spillover”.

Testimony before the Senate Transportation Committee in December 1981, following the enactment of SB 215, suggested that the TP&D Account would receive approximately \$1.1 billion in sales tax revenue in the five-year period 1982 - 83 through 1986 - 87. Testimony before the same committee in November, 1985 indicates that the amount would be \$650 million, some 40 percent less than originally estimated. Recently, the Department of Finance, in their May 1986 revision of the revenue estimates, reduced the projected sales tax spillover funds in the TP&D Account for FY 1986-87 to zero. In addition, the Governor vetoed the \$55 million promised to the account in SB 300. This revision and veto dropped the TP&D Account revenue estimate for FY 1986-87 from \$152 million to \$42 million. This left almost \$30 million of the Commission's \$38.9 million Transit Capital Improvement Program unfunded.

The sales tax spillover shortfall was stated to be due to two factors:

1. Gasoline prices had been significantly lower than was anticipated in 1981.
2. Growth in general retail sales was stronger than expected in recent years, thereby reducing the amount transferred to the TP&D Account under the statutory formula.

SB 300 would have partially offset the effects of these two factors by providing for supplemental General Fund transfer under specified circumstances. However, the Governor vetoed this transfer for FY 1986-87.

Table 6-3 shows the estimates of TP&D Account revenues for the period through 1990 - 91.

Table 6-3
Projected TP&D Account Revenues
1986 - 87 through 1990 - 91
(Millions of Dollars)

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>TOTAL</u>
Sales Tax Transfer	-0-	-0-	-0-	--	--	-0-
SB 300						
General Fund	-0-	--	--	--	--	-0-
Diesel Sales Tax	--	57.2	59.4	62.4	64.0	243.0
Other	<u>42.3*</u>	<u>10.8</u>	<u>10.9</u>	<u>11.3</u>	<u>11.9</u>	<u>87.2</u>
TOTAL	<u>42.3</u>	<u>68.0</u>	<u>70.3</u>	<u>73.7</u>	<u>75.9</u>	<u>330.2</u>

SOURCE: CalTrans, May revision of 1986 STIP Fund Estimate, May, 1986.

*Includes \$24.4 million of carryover funds from previous year.

It is important to understand what these estimates mean for public transportation programs in California. Two points are relevant:

1. The amounts provided for public transportation (and local road and streets in some rural counties) under the State Transportation Assistance program will become smaller. The STA program receives 60 percent of the revenues transferred into TP&D Account as a result of the spillover formula. Because of the dramatic drop in the spillover of gas tax sales tax revenues, these transfers will provide zero dollars in FY 1986-87. Due to the change to diesel fuel taxes for the formula, there will be \$57.2 million in FY 1987-88 and approximately the same throughout the rest of the period. The total STA will be about \$146 million (60% of \$243 million). The purchasing power of this amount will be eroded by any inflation that occurs.
2. The estimate implies that there will not be sufficient TP&D Account revenue to cover all TP&D funded transit capital improvement projects included in the current STIP. Unless increased diesel fuel taxes are generated, this program will be in a deficit situation during the coming five years. The California Transportation Commission has not programmed any new multi-year transit

projects into the STIP since 1982, due to the condition of the account, and may not be able to fund existing commitments. Article XIX guideway funds may be necessary to backfill the Transit Capital Improvement (TCI) program; however, not all TCI projects are eligible for Article XIX funds. It is appropriate to discuss that category now.

Article XIX of the California Constitution permits the use of State Highway Account funds for the construction of fixed guideway projects such as the Guadalupe Corridor light rail project in Santa Clara county and the Los Angeles Metro Rail project. However, current state law requires the Highway Account funds be used for operation, maintenance and rehabilitation of the state highway system, and to match all federal funds before they can be used to fund transit guideway projects under Article XIX.

Shortly before this section was written, Caltrans estimated that there would be a \$300 million shortfall in state cash needed to match federal grants during the period covered by the 1986 STIP. According to the Department's estimate, this shortfall would first show up in 1989 - 90. This implies that no funds will be available beyond 1988 - 89 to fund transit guideway projects under Article XIX. This could mean that the state would not be able to meet a portion of its \$400 million funding commitment to the Los Angeles Metro Rail project. However, because of an increase in gas tax revenues this year, the Commission's 1987 Fund Estimate, to be adopted in November, 1985, may show an elimination of the projected \$300 million shortfall in state cash.

This discussion regarding the availability of state funding for transit capital improvements has only considered projects included in the STIP. The STIP does not measure program needs; it is geared to funding availability. It is clear that program needs erased the amounts generated for transit capital improvements by the current funding mechanism. A recent report prepared for the California Transportation Commission, and mentioned earlier, identifies \$10 billion to \$18 billion in transit guideway projects which are planned by local officials for implementation during the next fifteen years and which are identified as having a high priority by these officials. This may be regarded as something of a "wish list"

but it is indicative of what local officials believe is needed. This point was noted in the consultant's report: ⁽¹⁾

Virtually all of the guideway projects included in the 1984 STIP are, at least to some extent, vulnerable to the possible loss of anticipated Federal aid or receipt of these funds over an extended period. The inability of UMTA to fund its negotiated share of the 18.6-mile Metro Rail Project has already been noted. Also especially vulnerable at this time are the San Diego East Urban Line extension to El Cajon; various Caltrans projects, the funding for which depends in part on Federal funding; and some of the MUNI projects included in the 1984 STIP. Even BART's critical Daly City Turnback Project depends on \$77 million in additional federal funding which is not yet committed. Although the Sacramento and Santa Clara projects are covered by UMTA Full Funding Agreements, even the Federal commitment to these projects is subject to the appropriation of sufficient funding on a nationwide basis by Congress.

And the same report raised questions about the ability of the operators involved to cover operating costs:

The funding of guideway system operating subsidies is essentially a local responsibility. In most cases, funding for these needs is potentially interrelated with funding for local bus services. In general, implementation of the proposed guideway projects is not expected to increase overall transit subsidy needs of the region involved as compared to alternative plans for equivalent bus services. However, in practice, equivalent bus services may not be practical (as in the Los Angeles Wilshire Corridor or in the San Francisco Transbay Corridor) or locally acceptable. There is no case where overall operating subsidies of the total transit system are expected to decline or even remain stable following the introduction of the guideway project. In all cases, increased operating subsidy needs are anticipated by the operators of the planned guideway/bus transit system.

⁽¹⁾Wilbur Smith and Associates, California Guideway Program Funding Needs Analysis, San Francisco, April 15, 1985.

State Funding Update

The question has been asked by some participants in the process: Can local funding sources, such as farebox revenues, local sales tax and Transportation Development Act (TDA) one-quarter cent sales tax funds make up for reductions in state and federal public transportation funds?

The answer is a qualified yes. There is some capacity at the local level to offset reductions in state or federal operating assistance through increased fares, operator efficiencies and, in some cases, by drawing on reserves. In addition, recent reductions in TP&D Account revenues, and therefore in STA funding to public transportation operations, have been partially offset by increases in local Transportation Development Act (TDA) revenues. Nevertheless, a major reduction in operating assistance probably will require some service reductions by certain operators.

The same comment pertains to capital development projects. Any reductions in federal capital funds will make it difficult, if not impossible, for some proposed system expansions to take place.

Summary

The funding dilemma in California for public transportation is real. It is easy to be negative about this whole situation, and say that . . .

- Many operators have embarked on over-ambitious expansion plans;
- There has been continued reliance on federal and state funds, and insufficient evaluations of how much local funding could be obtained;
- Failure to control costs is a further factor in the financial problems of the industry; and
- The approach by the industry for funding tends to be somewhat fragmented and diffuse.

These statements are no doubt true, but they are only one side of the story. The public transportation industry is providing efficient transportation service in

many parts of California. An argument can be made that the overall composition of transit which has evolved over the past 20 years should not be fundamentally altered. Financial and institutional arrangements have been rather firmly established and survey results indicate general agreement as to the distribution of transit's benefits. For the most part, these arrangements have led toward operating and capital improvements. The services have contributed toward meeting certain objectives. However, transit subsidies have also contributed to industry-wide and transit agency-specific financial crises and productivity declines of the past decade.

The bottom line seems to be how adequate and predictable transit financial assistance can be provided in a way that promotes transit use. A balanced financial program consisting of a major user involvement and government participation represents a prudent course of action for the future. The issue is not whether the nation's transit systems should be subsidized but rather how this should best be done.

This would be an area in which the California Transportation Commission could play a significant role. By supporting transit funding efforts at both the Federal and State levels the Commission could increase the effectiveness of the other participants in the process.

Chapter 7

POSSIBILITIES FOR INCREASED COMMISSION INVOLVEMENT

This section of the report is based on a series of interviews plus meetings with the Regional Transportation Planning Agency Group and their special task force that took place during the study. Persons interviewed included a number of private sector individuals with interests in public transportation, transit operators, regional agency directors, legislative staff, transportation planning consultants, and several Commissioners. The results of these interviews and meetings are summarized below, first in terms of what should be done and second, whether the California Transportation Commission is the body that should do it. Copies of letters received regarding this report are included in Appendix D. The needs and requirements are based on the AASHTO report (February 22, 1985) regarding the future of public transportation in the United States. There was unanimous agreement that attempts should be made to bring about a closer integration between public transportation and the highway system, and this subject is discussed first.

1. Highway System Integration

In this context, integration simply means expanding public transportation operations by using highway facilities for maximum effectiveness. It should be noted that bus transit systems use the highway as their “guideway”, and what is being sought is an expansion of this concept into ancillary services. Three general concepts are important for the Commission to consider:

- Design for system balance: projects and programs should balance projected quality of service, including safety and mobility, with funding availability and highway expansion.
- Provide for system continuity: project and programs should close gaps in the existing transportation system. One completed facility is likely to offer more benefits than two partly completed facilities.
- Seek the most cost-effective alternatives: the broadest range of possible alternatives must include minimum cost projects. In an age of

financial shortages, it is important that cost-effectiveness be an important criterion for decisions.

When incorporating these concepts into the programming process, the Commission needs to establish the link between the highway and the transit systems. The state clearly has a role in funding and maintaining the state highway system. However, transit becomes a statewide issue where it can substitute for highway capacity improvements, especially in urban areas where improvements to the highway system can no longer accommodate the demand.

Specific types of services and projects that integrate the transit system with the highway system are highlighted below. Many of these are referred to as Transportation Systems Management (TSM) measures.

- Paratransit can provide a significant service. Paratransit is a general term for the spectrum of service operations between the private automobile and fixed-route, fixed-schedule buses. These services include (among others) shared-ride taxis, vanpools and carpools, jitneys, subscription buses, and demand-responsive vehicles.
- Ridesharing can reduce the number of cars on the highways during the commute periods as well as the number of parking spaces needed in employment centers. Ridesharing is key for the successful implementation of commuter lanes.
- Commuter lanes provide a way to increase highway capacity by restricting one lane for use by buses, or automobiles carrying a minimum of two, or three, persons. There are some effective commuter lanes already in operation in California and others are planned.
- Park-and-Ride-Lots allow transit systems and automobile drivers to coordinate their travel in a most effective way. Park-and-ride lots are normally located alongside a freeway; drivers park in the lots and ride express buses to downtown locations.
- Venue Planning - Jurisdictions can gain many benefits by providing funds to develop integrated venue plans for major events, such as large concerts and sporting events. These plans should

be developed and enforced through the cooperative effort of the operational staffs of cities, transit operators, highway agencies, and the law enforcement agencies.

- Interagency Planning - The concept of the 3C planning process (continuing, comprehensive, and coordinated) has long been a part of federal requirements --however, in most locations, this only occurs on long-range regional efforts. Integrated agency planning can facilitate implementation and maximize efficient use of any new or modified facility. Each potentially affected agency, whether it is a transit operator or law enforcement agency, should be involved in the planning of such improvements as one-way streets, signal synchronization and ridesharing efforts.
- Transportation Plans for Activity Centers - Cities should fund the development of transportation specific plans for activity centers where warranted because of congestion or anticipated growth, and seek state support as relevant. These localized plans should be developed jointly by affected agencies (as well as affected business interests) and should include appropriate demand management and traffic management strategies.
- Parking Enforcement - Most major cities have parking restrictions on their major arterials during peak hours to help the flow of peak-hour traffic. The added capacity for streets, when not impeded by parked cars, can be as high as 30-50 percent. The active enforcement of parking and stopping restrictions will facilitate not only traffic flow, but bus operations as well.
- One-Way Streets - It is already documented that one-way streets in activity centers minimize the need to widen streets, speed traffic flow, decrease delay due to turning movements, and facilitate implementation of bus priority treatments. Policy-makers should accept the responsibility of implementing one-way street operations.
- Bus Treatment - Cities should investigate the implementation of preferential bus lanes in activity centers where warranted and feasible. Preferential lanes have proved to be very effective in increasing the person-carrying capacity of local streets and improving transit operations. Where

demand warranted, these lanes worked particularly well with transit terminals on either end of the priority treatment.

The observant reader will note that these were some of the measures used at the Olympic Games in Los Angeles.

Comments

- The CTC has a role in transit since it is a “transportation commission,” not a “highway commission”.
- Caltrans needs to think more creatively in developing highway solutions by considering transit options.
- The CTC should focus on highway/transit tradeoffs on major corridors when making programming decisions (corridor-level analysis).
- The CTC should leave the highway/transit tradeoffs and TSM activities to the locals and regions, working with Caltrans.
- CTC should sponsor research to determine what kind of balance transportation should be, especially in the urban areas.
- The CTC has a role in making Caltrans’ System Plan more comprehensive and encouraging the System Plan and the regional transportation plans to be compatible.
- The regional agency role in transportation planning should be highlighted.
- It is legitimate for the CTC to ask Caltrans and locals about Transportation Systems Management (TSM) activities in relationship to future highway projects, but the CTC should not get involved in the local decision-making process for paratransit, ridesharing or TSM activities.

- The CTC should ask Caltrans to do a study of the effectiveness of ridesharing statewide. Ridesharing is of statewide interest because it helps to relieve congestion on the freeway system and because the CTC funds 50 percent of the regional ridesharing programs around the state.
- The Caltrans transportation system management program is fragmented between traffic operations, planning and mass transportation. The TSM Roundtable--a joint effort with Air Resources Board--brings together state and local agencies with TSM interests, and does provide a forum for information sharing. But it is not an official Caltrans task force to coordinate transportation system management programs and policy development efforts. Despite considerable interest in Caltrans management for participation in and encouragement of local transportation management associations (TMAs), there is no Caltrans program to identify, evaluate, and assist TMAs in congested state highway corridors, nor is there a plan or priority listing of local assistance projects to assist TSM policy development. An education program for local officials is also needed.

2. Federal Legislation and Funding

The continued role of the federal government is a matter of concern to many persons in the public transportation industry. It was stated that the issues which emphasized the need for public transportation programs twenty years ago are still present. It is believed that public transportation is a national, as well as state and local concern, and should remain one of the highest priorities of the federal government. It seems clear that the intergovernmental partnership between federal, state and local governments has been primarily responsible for ending the decline in public transportation. Further, federal capital and operating assistance have improved the public transportation networks of this nation. It is appropriate to maintain that improvement and, at the same time, expand and extend public transportation services where warranted.

Comments

- The state needs an agency or organization that can pull together diverse interests -- highways and transit -- for legislative advocacy. The Commission is a good choice for that role -- no other agency is successfully fulfilling that role.
- The Commission should support continued transit funding at the federal level.
- As a long-term goal, the Commission should coordinate all Washington, D.C. lobbying for the state regarding transit (Caltrans is lacking in its representation of California transit issues). However, in the short term, the Commission is not adequately informed on transit issues to be immediately effective.
- Washington, D.C. lobbying does not need coordination because interests are not similar around the state.
- The CTC should not lobby specific projects unless asked to do so by locals and unless the project in question is in the CTC funding program.

3. Statewide Issues and Funding

The role of the state government in ensuring a healthy public transportation industry in the future is just as important as that of the federal government. The financial requirements are significant and attention must be directed to that area. In addition, the Commission can serve as a focal point for statewide transit issues either on its own or in cooperation with transit industry associations.

A review of successful public transportation and private enterprises throughout the United States shows that involvement in industry activities, and cooperation between these organizations, are criteria for success. It seems reasonable to assume that the public transportation industry of the future will benefit from close association and coordination between transportation

organizations. The close association should be concerned with improving communications and relationships between industry and members of other groups in the government and public sectors.

Comments

- The CTC could serve as a forum for certain statewide transit issues, such as PUC issues, Caltrans spending regulations, contracting out, etc. CAPOTS subcommittee work is an example of this effort. Although one urban operator felt that the Commission should coordinate and set certain policies to be implemented in the urban areas, another urban operator felt that the large operators up and down the state probably do not have enough in common to accomplish this.
- The Commission does not know enough about transit to be able to effectively support transit improvements or determine highway/transit tradeoffs. Therefore, an ongoing educational process with the CTC is needed.
- The CTC should seek a state transit component of any state funding bill.
- The CTC should seek stability of funding.
- Any leadership in turning the tide of reduced state funding and reduced Caltrans commitment to transit will have to come from the CTC.
- Any change in the CTC's role in transit will depend on the Commission's ability to get more transit dollars.
- The CTC should work with Caltrans, the Governor's office and local and regional agencies to develop a comprehensive view of transportation.
- CTC staff should coordinate closely with RTPAs, transit operators and Caltrans before recommending legislative positions/policies regarding transit to the Commission.

- Commission staff and Commissioners should get involved in APTA, CAPOTS, transit sessions of TRB, and the transit subcommittee of AASHTO.
- The CTC should be involved in the legislative committee of APTA.
- One Commissioner should serve on the APTA Board; another on the AASHTO subcommittee.
- By interacting with transit industry members, Commissioners will increase their awareness of and involvement in transit issues.
- Transit operators and regional agencies are also responsible for briefing Commissioners on the need for transit in general and in their areas.
- The Commission has to be viewed as pro-transit before it can increase its role in transit.

4. Guideway Project Evaluation, Funding

The Commission has a clear legislatively-mandated role in evaluating and funding mass transit guideways and intercity and commuter rail projects proposed for Article XIX state gas tax and/or Transportation Planning and Development (TP&D) Account funds. This role requires close coordination with Caltrans, local and regional agencies and transit operators. A matrix of Caltrans activities in transit is included in Appendix B.

Comments

- The CTC's role should be limited to project review and analysis of Article XIX and TP&D funded projects.
- The CTC should be briefed by local operators/regional agencies on significant milestones of major projects which have or want state funding.

- The CTC can help move a state-funded or state funding-eligible guideway project toward implementation by setting criteria for programming dollars, working with Caltrans in expediting the SB 580 review, brokering, exchanging and trading funds, etc. However, the CTC cannot be everyone's proponent, so certain CTC criteria have to be set.
- The CTC should program all intercity and commuter rail capital projects on a project-by-project basis each year. Currently, a lump sum is approved for capital projects. Given the high demand for increased intercity and commuter rail service, the CTC needs to have more control over proposed projects.
- A CTC Mass Transportation Committee should be reestablished. This CTC Committee is required by state statute (see Appendix A).
- The Commission should be aware of Caltrans' activities in the transit area. (The report should include a matrix of Caltrans' current role in transit.)
- The CTC should set policy relative to Caltrans participation in transit. Caltrans should implement those policies which include working with local agencies as appropriate.
- Caltrans is not staffed to increase its role in transit. In fact, one comment was that Caltrans should get out of transit and have only the Commission evaluate state-funded transit projects.

5. Technical Assistance to Local/Regional Agencies and Transit Operators

Caltrans is currently performing a relatively minor role in technical assistance to small area transit operators in conjunction with Caltrans' role in administering federal transit funds for small areas (UMTA Section 18, 16(b)(2) and small area Section 9 funds). (See Appendix C for a description of Caltrans' technical assistance role.)

Local governments (which include both transportation and planning agencies) have limited resources to meet the capital or operating needs of public transportation. While the bulk of the financial commitments should come from the federal and state levels of government, local agencies have a critical role in defining priorities and keeping them within the bounds of limited resources.

While the three levels of government (federal, state and local) are the financial supporters of public transportation, as well as being policy makers on matters which influence service and operations, it is the public operator who must develop strategies and implement policies that ensure efficient, safe and effective public transportation.

Whereas most ridership gains in the past were due to low fares or service expansions, future ridership gains will have to be achieved through innovative approaches to public transportation. The ability to operate public transit services at current or higher service levels, in a cost-effective manner, will be the operator's greatest challenge in the coming years.

Should the Commission get involved in assisting local/regional agencies and transit operators in planning and programming in their areas, including setting statewide policy and criteria in bus transit issues?

Comments

- The CTC should not get involved in technical assistance to smaller transit operators/regions. The CTC should be aware of Caltrans' technical assistance role to local agencies.
- The CTC should have a stronger oversight role with Caltrans regarding transit and should establish policy for the UMTA Section 18, 16(b)(2) and small area Section 9 programs currently being administered by Caltrans.
- The CTC should not get directly involved in local or regional transit operator or regional planning and programming, since the locals already

have several institutional levels -- federal and regional -- which establish criteria and assist in planning.

- The Commissioners now understand the RTPA Group, but they do not understand the role of the regional agencies with the transit operators.

6. Involvement of Private Sector in Transit

The business community can play a significant role in assisting public transportation. (Mention has already been made that private sector funding and involvement have been used in some states.) However, there are several questions that are raised regarding the involvement of the private sector in transit: What degree of accountability will be demanded by the private sector in return for its involvement? Should the private sector concentrate on financial or non-financial functions? Should the Commission be involved in determining the level of private sector transit?

Comments

- The CTC should not, as a general rule, get involved in day-to-day negotiating at the local level with the private sector, but the Commission should be kept informed of local efforts and of the federal emphasis on privatization and should assist when requested.
- The privatization issue should be presented to the CTC.
- The CTC should involve the private sector (especially statewide private sector organizations) in statewide issues, where appropriate, through participation at CTC workshops, task forces, etc.

Summary

The comments included in this chapter could be summarized as follows:

- The CTC has a role in transit since it is a “transportation commission,” not a “highway commission.”

- The CTC has a role:
 - where the CTC has the authority to allocate funds;
 - in the orientation of Commissioners and others toward a more comprehensive transportation view;
 - in the planning process relating to coordinating the Caltrans Highway System Plan with Regional Transportation Plans (RTPs) with regards to transit options;
 - in focusing on highway/transit tradeoffs within major corridors when projects are presented to the CTC for funding;
 - in cooperating and coordinating with other agencies regarding statewide legislative advocacy for transit; and
 - in seeking stable funding sources for transit.

- An orientation process should be established with the Commissioners.
 - local operators/regional agencies should participate; and
 - the Commission should be briefed on the history of transit and the different roles transit serves in different parts of the state.

- A CTC Mass Transportation Committee should be reestablished.

These comments, which represent the general consensus of the Regional Transportation Planning Agency group, will be considered in recommendations contained in Chapter 8.

Chapter 8

CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the answers to three questions relating to this study:

1. What has the study done -- what did it establish?
2. What are the implications for the Commission?
3. What are the options for the Commission?

These three questions are answered in the following pages.

What Has The Study Done?

The study has looked at public transportation in California and come up with a number of significant findings, some of which are well-known, and some of which are not.

Scope and Extent of the Industry - Public transportation is a large industry and more than one billion riders are carried on transit systems in California during the year. A large number of additional riders are carried on paratransit services during the year. SCRTD in Los Angeles is the largest operator in the state and carries almost 500 million riders each year on its bus system. Economic growth, which has been consistent in California since World War II, is expected to continue and increased congestion in urban areas will become a fact of life. The current state population of 26 million will reach 31 million in the Year 2000. Public transportation proponents contend that effective economic and social growth will not occur in California unless adequate transit services are available to modify urban area congestion, mobility and accessibility problems. However, the same proponents recognize that the public transportation industry faces its own problems, some of which may be difficult to solve.

Legislative Background - Statutory Authority - The responsibilities of the California Transportation Commission are defined in the appropriate legislation.

The most comprehensive responsibility is that of the State Transportation Improvement Program which is a five-year transportation program for California. But the Commission has other responsibilities and preparation of the Annual Report to the Legislature is also a responsibility of considerable importance. The Commission's direct involvement in public transportation in California is much less than in highways. The major role is allocation of funds for transit capital improvements and for the Department of Transportation's rail passenger program.

Commission Involvement to 1985 - The Commission has followed the legislative mandate in regard to public transportation and consequently its focus has been somewhat narrow. The Commission has regularly prepared the Annual STIP, including the transit element; developed policy recommendations for transit and particularly those relating to funding; drawn attention to problems facing the industry and suggested where legislative action might be necessary; made recommendations for improvements to the public transportation sector; expressed concern about projects that were not financially viable; distributed funds over which it had jurisdiction; worked closely with local transit and regional agencies and supported revenue increases.

The Commission has not been an advocate for bigger and better public transportation, nor has it been a leader with the federal government in seeking assistance for the industry. The Commission has basically done what it was supposed to do, and has done so efficiently. But the Commission has been well aware of problems facing the industry and may now be in a position to play a more prominent role.

Transit Industry Problems - The study has shown that the transit industry has a large number of problems, of which funding is probably the most important (discussed below). The problems can generally be grouped under institutional, operational, and organizational activities as well as those peculiar to small area systems. The industry is changing and problems (and opportunities) are becoming more complex and pervasive. It seems that a number of these problems are ones to which the Commission can direct some of its effort.

The Funding Dilemma - The public transportation industry in California is facing financial problems. State and federal revenues for transit are declining and there is considerable pressure being exerted to maintain existing funding levels. But there is no certainty that this will be done and astute observers are suggesting that changes be made. No less an authority than Ronald Kirby, Director of Transportation Studies at the Urban Institute, has stated:

“. . . Two decades of experience have shown federal assistance to urban mass transit to be misdirected and ill-structured. While Washington has been preoccupied with restructuring transit systems under public ownership and keeping fares down, the productivity of the industry has been falling and costs and subsidies have been escalating rapidly. Since 1965, passenger revenues have fallen from 98 percent to 38 percent of total operating expenses of urban mass-transit systems. And while federal funds have been supporting traditional downtown-oriented transit routes, demands for new transportation services have been growing on the suburban or exurban fringes . . .”

Kirby favors a block grant for federal assistance that would give local governments unrestricted choice between capital and operating expenses and between existing transit agencies and a variety of private transportation companies.

The current study showed some agreement with this concept. The consensus was that the issue is not whether the nation's transit systems should be subsidized, but rather how this should best be done. The Commission could be of assistance in helping to develop new funding concepts and opportunities providing there is a general desire for the Commission to participate.

The overall impression that has emerged from this study is that public transportation in California is an important part of the total transportation system. Support has been provided mainly at various levels of government, but the role of the Commission has been modest.

Implications For The Commission

The study was thorough and far-reaching. The surveys that were completed during the study evoked varying reactions when the matter of increased Commission involvement in the public transportation industry was raised. There was general agreement that the Commission could be effective in:

- Programming and allocating state transit funds (TP&D and Article XIX funds) to mass transit projects;
- the orientation of Commissioners and others toward a more comprehensive transportation view;
- the planning process relating to coordinating the Caltrans Highway System Plan with Regional Transportation Plans (RTPs) with regards to transit options;
- focusing on highway/transit tradeoffs within major corridors when projects are presented to the CTC for funding;
- cooperating and coordinating with other agencies regarding statewide legislative advocacy for transit at both the state and federal level;
- seeking stable funding sources for transit;
- becoming more active in industry associations such as APTA and AASHTO in order to bring about changes that will benefit the industry;
- becoming more aware of Caltrans' activities in the mass transit area and serving in an oversight role as appropriate.

There were two areas where some doubt was raised about the need for Commission involvement:

- in dealing with local agencies where it was stated that those agencies are able to plan and develop public transportation without additional involvement by the CTC;
- in dealing with public transit operators where the request was for more money and less control.

It is fair to say there was general agreement that the Commission could make an overall contribution if it could eliminate its (perceived) highway bias.

Options For The Commission

The study has shown that there are opportunities for the Commission to be more effective and more involved in public transportation in California. While legislative direction and statutory authority may be desirable for specific activities for the Commission, they are not strictly necessary. In the statutory directive on preparation of the Annual Report to the Legislature (SB 283), the following statements are made:

Government Code 14536:

The annual report shall consist of the following:

- (a) An explanation and summary of major policies and decisions adopted by the Commission during the previously completed state and federal fiscal year, with an explanation of any changes in policy associated with the performance of its duties and responsibilities over the past year.
- (b) A final and comprehensive list of all major allocations in the past year, including state transportation improvement projects.

The annual report may include a discussion of any significant upcoming transportation issues anticipated to be of concern to the public and the Legislature.

This directive provides a basis for action by the Commission on some of the matters evaluated in this study. Because the public transportation industry in California is facing severe problems, which seem likely to worsen, increased

involvement by the Commission could be beneficial and welcomed by the participants.

The Commission really faces three options:

1. Maintain the status quo, under which the Commission would react to developments within the public transportation industry, but would not initiate any new activities. In essence, this would mean continuing the existing set-up and responding only in a reactive way.
2. Develop limited involvement, which would see the Commission working cooperatively with organizations such as SCAG, MTC, LACTC and SCRTD on matters of mutual interest and concern. The Commission would also seek ways to make the private sector more aware of problems in the industry and seek the support of the business community as necessary.
3. Develop strong involvement, leading to legislative support for dedicated funding sources and other measures necessary to ensure a strong industry. Under this option, the Commission's role would be basically similar to that in the highway program: that is, to provide adequate funding for public transportation developments and operational expansion, and ensure that those funds are allocated in optimum fashion.

If a decision is made to become more involved, the Commission should do so in an evolutionary, rather than a revolutionary manner. The Commission staff situation is now such that attention can be directed to closer involvement with the public transportation sector.

It should be highlighted that the Commission is currently involved in the following four areas regarding transit:

- Programming: Adoption of the five-year State Transportation Improvement Program for California, which includes a mass transportation element;

- Policy: Preparation of the Annual Report to the Legislature which includes recommendations on transit policy;
- Approval: Advice and consent of Caltrans' annual Rail Passenger Development Plan; and
- Allocation: Allocation of state funds (TP&D and Article XIX funds) for transit capital improvements and for Caltrans' intercity and commuter rail passenger program.

The following areas of involvement are recommended for an increased CTC role in transit:

1. Highway System Integration

KEY AREA - HIGHWAY/TRANSIT TRADEOFFS: THE CTC SHOULD FOCUS ON HIGHWAY/TRANSIT TRADEOFFS ON MAJOR CORRIDORS WHEN MAKING PROGRAMMING DECISIONS (CORRIDOR LEVEL ANALYSIS.) THIS FOCUS SHOULD BEGIN AS EARLY AS POSSIBLE IN THE DEVELOPMENT OF A PROJECT.

- Multimodal Viewpoint: The CTC has a role in presenting a comprehensive, multimodal viewpoint in the programming of projects, which should include input from both the Caltrans' Highway System Plan and regional transportation plans. The Commission should encourage Caltrans' System Plan and the regional transportation plans to be compatible.
- Regional Agency Role: The regional agency role in transportation planning should be considered in the Commission's decision-making process.
- TSM Activities: It is legitimate for the CTC to ask Caltrans and locals about Transportation Systems Management (TSM) activities in relationship to future highway projects and should encourage those activities to take place. But, the CTC should not get involved in the local decision-making process for paratransit, ridesharing or TSM activities.

- Effectiveness of Rideshare Programs: The CTC should ask Caltrans to do a study of the effectiveness of the allocation of state funds for ridesharing. Ridesharing is of statewide interest because it helps relieve congestion on the freeway system and because the CTC funds 50% of the budgets of the regional ridesharing programs around the state.

2. Federal Legislation and Funding

KEY AREA - COORDINATION OF LEGISLATIVE ADVOCACY: THE COMMISSION SHOULD COOPERATE AND COORDINATE WITH OTHER AGENCIES REGARDING STATEWIDE ADVOCACY FOR TRANSIT, AS THE COMMISSION DOES NOW FOR HIGHWAYS. HOWEVER, THE COMMISSION NEEDS TO BE ADEQUATELY BRIEFED ON TRANSIT ISSUES IN ORDER TO BE EFFECTIVE.

- Funding: The Commission should support continued transit funding at the federal level.
- Local Agency Lobbying: The CTC should not lobby specific projects unless asked to do so by the appropriate local agency and unless the project in question is in a CTC funding program.

3. Statewide Issues and Funding

KEY AREA - FUNDING: THE CTC SHOULD SEEK STABILITY OF STATE TRANSIT FUNDING WHICH SHOULD INCLUDE A DISCRETIONARY AND FORMULA STATE TRANSIT COMPONENT OF ANY STATE FUNDING BILL FOR CONSIDERATION BY THE LEGISLATURE.

- Coordination of Legislative Positions: CTC staff should coordinate closely with RTPAs, transit operators, Caltrans and industry associations before recommending legislative positions/policies regarding transit to the Commission.

- Comprehensive Viewpoint: CTC should work with the Legislature, the Governor's office, Caltrans and local and regional agencies to develop a comprehensive view of transportation.
- Industry Associations: Commission staff and Commissioners should get involved in APTA, CAPOTS, transit sessions of TRB, and the transit subcommittee of AASHTO in order to increase Commission awareness and involvement in transit issues.
 - One Commissioner should serve on the APTA Board; another on the AASHTO public transportation subcommittee.

4. Guideway Project Evaluation Funding

KEY AREA - STATE GUIDEWAY INVESTMENTS: THE CTC NEEDS TO BE AWARE OF GUIDEWAY PROJECT NEEDS IN ORDER TO EVALUATE WHERE TO INVEST ITS STATE DOLLARS IN THE FUTURE.

- Briefings by Project Sponsors: The CTC should be briefed by local operators/regional agencies on significant milestones of major projects which have or want state funding.
- Expediting Guideway Projects: The CTC can help move a state-funded or state funding-eligible guideway project toward implementation by setting criteria for programming dollars, working with Caltrans in expediting the review process, brokering, exchanging and trading funds, etc.
- Funding Criteria: Since the CTC cannot be everyone's proponent, the existing CTC guideway criteria has to be maintained to evaluate the cost effectiveness of proposed projects.
- Programming of Intercity and Commuter Rail Projects: The CTC should program all intercity and commuter rail capital projects on a project-by-project basis each year. Given the high demand for increased service, the CTC needs to have more control over proposed projects.

- Caltrans Involvement in Transit: The CTC should set policy relative to Caltrans participation in transit. Caltrans should implement those policies which include working with local agencies as appropriate.
 - The Commission should be aware of Caltrans' activities in the transit area. (The report includes a matrix of Caltrans' current role in transit in Appendix B.)

5. Technical Assistance to Local/Regional Agencies and Transit Operators

KEY AREA - LIMITED CTC ROLE: ALTHOUGH THE CTC SHOULD BE AWARE OF STATEWIDE TRANSIT POLICY IN ORDER TO ADVISE THE LEGISLATURE, THE CTC SHOULD NOT GET INVOLVED IN TECHNICAL ASSISTANCE TO LOCAL/REGIONAL AGENCIES AND TRANSIT OPERATORS.

- Caltrans Technical Assistance: The CTC should, be aware of Caltrans' technical assistance role to small area transit operators. (See Appendix C for description of Caltrans' activities in this area.)
- CTC Oversight Role with Caltrans: The CTC should have a stronger oversight role with Caltrans regarding transit and should review, as necessary, the current procedures Caltrans uses with the regional agencies in administering the small area federal grant programs.
- Regional Agency Role: The CTC should be aware of the role the regional agencies play in setting policy and funding criteria for the transit operators in their areas.

6. Involvement of Private Sector in Transit

KEY AREA - LIMITED CTC ROLE: THE CTC SHOULD NOT, AS A GENERAL RULE, GET INVOLVED IN DAY-TO-DAY NEGOTIATING AT THE LOCAL LEVEL WITH THE PRIVATE SECTOR BUT THE COMMISSION SHOULD BE KEPT INFORMED OF LOCAL EFFORTS AND OF THE FEDERAL EMPHASIS ON PRIVATIZATION AND SHOULD ASSIST WHEN REQUESTED.

- Briefings on Privatization Issues: The privatization issue should be presented to the CTC.
- Private Sector Involvement: The CTC should involve the private sector (especially statewide private sector organizations) in statewide issues, where appropriate, through participation at CTC transit workshops, task forces, etc.

Implementation of an Increased CTC Role in Transit

Key to the implementation of an increased CTC role in transit are the following recommendations:

- TRANSIT ISSUES ORIENTATION: AN ONGOING ORIENTATION PROCESS SHOULD BE ESTABLISHED WITH THE COMMISSIONERS.
 - Local operators/regional agencies should participate.
 - The Commission should be briefed on the history of transit and the different roles transit serves in different parts of the state.
- MASS TRANSPORTATION COMMITTEE: A CTC MASS TRANSPORTATION COMMITTEE SHOULD BE REESTABLISHED.
 - This committee is required by AB 402 statute. (Sec. 14506 of the Government Code. See Appendix A for excerpt.)
 - A committee structure will give Commissioners a chance to discuss transit issues more thoroughly and in a more informal setting.

Conclusions

The study has shown that the Commission should become more involved in the public transportation industry in California. In making any recommendations as to how this might occur, however, it is important to state why the Commission should become more involved. It is believed that increased Commission involvement is necessary for one major reason.

- Increased California Transportation Commission involvement in public transportation is necessary to provide supervision and coordination of a comprehensive transportation system that will serve all areas of the state effectively and efficiently. This comprehensive transportation system would include state highways and public transportation and could be broadened to include other modes at a later date. Involvement in modes other than state highways will vary with circumstances, but a coordinated and cooperative approach to total transportation in California could lead to more efficient transportation activities throughout the state.

This statement ties in with a comment made recently by the office of the Legislative Analyst. In its report to the Legislature on the budget, that office stated that the California Transportation Commission's primary emphasis was on highways, to the exclusion of other modes. The Legislative Analyst suggested that the Commission should devote more time and energy to public transportation so that its activities would deal more with a balanced transportation system, rather than just highways. (A similar comment was made about aeronautics.) While there are sound reasons for Commission concentration on state highway programs and projects, it is conceivable that the Commission could direct more of its energies to public transportation.

While legislative direction and statutory authority may be desirable eventually to allow the Commission to play a more significant role, initial action can be taken under existing authority. In the statutory directive on preparation of the Annual Report to the Legislature (SB 283) the Commission is required to give an explanation and summary of major policies and decisions adopted during the year "...with an explanation of any changes in policy associated with the performance of its duties and responsibilities over the past year..."

This directive provides a basis for action by the Commission on some of the matters evaluated in the study. However, this should be done in an evolutionary, rather than a revolutionary, manner. The Commission has recently hired a new deputy executive director whose prime functions cover public transportation, systems development and project evaluation. Using this report as a basis, this individual should develop relationships with public transportation participants to

the same degree that Commission staff members have already done with highway participants. This effort will take place during 1986 and will conform to Commission responsibilities. During the coming months, the deputy director will report regularly to the Commission on progress and, at the end of the year, indicate to the Commission as to what additional action is necessary to make total system development a reality.

This is also an appropriate time for the California Transportation Commission to reaffirm its commitment to public transportation in California. While the Commission may want to add certain caveats to that reaffirmation, it should nevertheless make it clear that the Commission is dedicated to the development of a total, cost-effective, comprehensive transportation system for California. Public transportation is a very important part of that total transportation system.

APPENDICES

APPENDIX A

State Statute Requiring
CTC Mass Transportation Committee

California Government Code:

Section 14506. In order to perform its duties and functions, the Commission shall organize itself into at least the following four committees:

(a) The Committee on Aeronautics, which shall consider issues related to aeronautics.

(b) The Committee on Streets and Highways, which shall consider issues related to streets and highways.

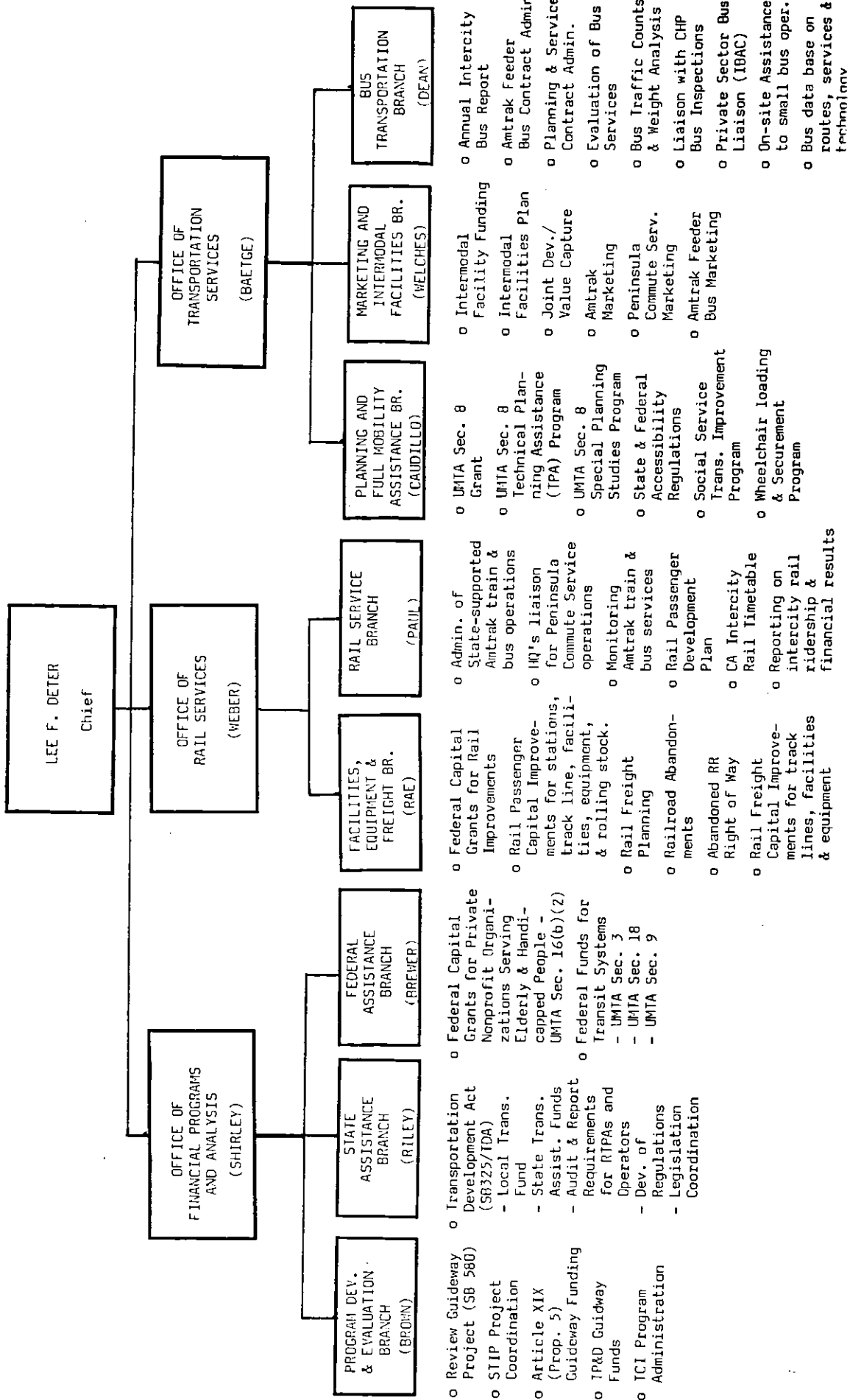
(c) The Committee on Mass Transportation, which shall consider issues related to the movement of groups of people within urban areas, and between rural communities and between cities.

(d) The Committee on Planning, which shall be responsible for transportation planning related issues, including, but not limited to, monitoring the transportation planning and programming process pursuant to Chapter 2.5 (commencing with Section 65080) of Division 1 of Title 7 and recommending to the Commission the allocation of federal and state funds available for planning and research.

Appendix B

Caltrans Transit Activities

Attached is an organizational chart of Caltrans' Division of Mass Transit, showing the various transit activities for which Caltrans is responsible.



July 1986

Appendix C

Caltrans Transit
Technical Assistance Activities

Attached is a listing of Caltrans' technical assistance activities to small area operators. These activities fall within Caltrans' Division of Mass Transit responsibilities. (See Appendix B.)

D. L. Dean, Chief
Bus Transportation Branch
Division of Mass Transportation

TRANSIT MANAGEMENT ASSISTANCE PROGRAM - CALIFORNIA
UMTA Section 8 Grant

In the late 1970's at the urging of the Urban Mass Transportation Administration (UMTA), California and several other states assessed the transit needs of small, primarily rural, transit operators. As a result, UMTA provided "Section 8" grants to these states to fund the Transit Management Assistance (TMA) Program.¹ This paper addresses the accomplishments of the California TMA Program during the five-year period 1978 through 1982, as well as the current program activities for fiscal years 1983-84 and 1984-85.

The Transit Management Assistance (80 percent funded by UMTA and 20 percent funded by Caltrans) was begun in April 1979. The TMA Program, unlike most State and Federal programs, does not deal in direct funding. Instead, the product is technical assistance, and the form of this assistance can range from management services, to operations, to on-site driver training.

The objective of the TMA Program is to furnish assistance to small operators using trained Caltrans staff. The form of assistance that is provided is described later in this chapter.

Transit Management Assistance offers technical assistance to small, rural operators (those with less than 50 vehicles) for the purpose of enabling the transit systems to operate in a more effective and efficient manner.

ACCOMPLISHMENTS (1978-1982)

Among the accomplishments of the TMA Program for the Fiscal Years 1978-1982 are:

¹Section 8, Urban Transportation Act of 1964 (amended)

- Creation of the San Diego Regional Transit Information Center, San Diego State University. The purpose of the Center was to provide transportation-related information via a computer to requestors. Activities were discontinued when it was found to be more economical to handle requests for information through the Caltrans office.
- Distribution of Technical Information. Many documents, including a small marketing manual prepared by the Iowa Department of Transportation, were distributed to transit operators throughout the State. A monthly report, "Effects of the Current Fuel Shortage in California", (prepared by Caltrans) was distributed to public transit operators.
- "Transit Highlights" newsletter, containing information of interest to small transit operators was published and distributed to over 200 operators in California in the period between April 1979 to May 1980. The Newsletter served three purposes; (1) It provided small transit operators with essential information in a concise compact fashion; (2) enhanced the identity of the small transit operators; and (3) provided a basis for mutual understanding on various issues among small transit operators.
- An audiovisual library of 16mm films was compiled, maintained, and made available to transit operators. Among the general categories of films were: Transit (General); Elderly and Handicapped; Transit Management; and Driver Training. The July 5, 1979 "Caltrans Public Transportation Bulletin" lists the titles available at that time.

About 250 loans were made under this grant between April 1979 and June 1980. Ten of the original films remain in the library and are available for loan to Caltrans Districts and transit operators.

- Transit Operator Workshops were created to bring together transit operators to participate in panel discussions, receive first-hand information concerning State and Federal programs, and share technical information and work experiences. Most operators viewed getting together with their counterparts throughout the state to share information and discuss common problems as a valuable experience. Six workshops are conducted between October 1979 and August 1981 in the cities of Anaheim, Sacramento, San Diego, San Francisco, San Jose, and Santa Barbara.
- The planned operator personnel exchange program whereby transit operators would exchange skilled personnel for assisting with a short-term need was augmented by Caltrans staff from Headquarters and the Districts. Direct on-site assistance was given to the following operators:

Chula Vista: A marketing plan including posters, brochures, advertisements, and a speaker's kit were developed to increase ridership. The plan was implemented and ridership improved.

Nevada County Transit and Tahoe Area Regional Transit: A marketing plan and promotional activities similar to Chula Vista were developed to increase ridership. Ridership rose in both transit systems.

City of South Lake Tahoe: In 1979, a contract was executed with the City of South Lake Tahoe. This contract allowed the city to hire a consultant who developed "focus groups" to test marketing efforts. The consultant produced a report "Group interview Research on South Lake Tahoe Transit System." These data were later used in the development of a market plan for the area.

- Several small transit operators have received scheduling assistance under the Program. Changes in schedules in small systems may have a great impact on the passengers served. These changes usually require local board approval.

CURRENT AND ONGOING ACTIVITIES

The activities described below are essentially ongoing and have continued through prior grant funding with minor changes.

1. Information Center

Transit Management Assistance (TMA) Headquarters staff and District representatives have quick access to numerous information sources. The Division of Mass Transportation also maintains a current mailing list of California public transit operators. As part of the Information Center's activities, copies of relevant reports of interest are distributed to transit operators.

2. Transit Operations and Data Information Center

The Center provides for the collection and dissemination of ridership data. Computer data bases are maintained and updated. Transit operators, Caltrans Division of Transportation Planning, and UMTA may request information from the center.

3. Program Management and Coordination

This activity provides for day-to-day planning, management, organization, coordination, and reporting on the Caltrans TMA Program. It includes coordination with other agencies such as American Public Transit Association, California Association of Publicly Owned Transit Systems, the public, Legislature, states, and others regarding transit operators' information.

4. Direct On-Site Assistance and Workshops

On-site consulting and workshops are designed to allow the TMA program to respond to requests of transit systems for assistance. These requests are usually for very specific problems, and fall within

one or more of three general categories of work: management, operations, and maintenance. Each of the three general categories can be further divided into specific tasks:

Tasks for the Management Category
Include the Following:

SYSTEMS ANALYSIS - examining either existing or proposed transit systems for efficiency and effectiveness in the way they are designed and used. This includes identifying whether or not the system is meeting established goals.

ROUTE PLANNING - identifying need and designing routes to meet that need. It is necessary to develop performance goals relative to route specific criteria in order to measure the success or failure of this activity.

SCHEDULING - developing schedules by route that provide the level of service requested by the operators. This activity also involves development of Request For Proposal (RFP), identifying the desired product, developing selection criteria, and preparing the published RFP.

PERSONNEL - assisting in the development of all manner of personnel administration and management services.

INFORMATION SYSTEMS DEVELOPMENT - assist in developing management information systems, runcutting, and dividing the schedules into separate pieces of work for assignment.

Tasks for the Operations Category
Include the Following:

TEACHING TECHNIQUE TRAINING - instructing trainers in techniques that will increase the effectiveness of their efforts.

TRAINING DRIVERS - instructing drivers in groups on safe driving techniques and occasionally providing one-on-one training where appropriate.

DRIVERS' MANUAL DEVELOPMENT AND REVIEW - compiling materials, organizing information, preparing manuals, and reviewing manuals for effectiveness and completeness.

TRAINING DISPATCHERS - instructing dispatchers in techniques to improve efficiency and accuracy.

TRAINING PLAN DEVELOPMENT - identifying training needs, available resources and developing a systematic plan for implementing training programs.

OPERATIONS SYSTEM DESIGN - developing a systematic approach to the administration and management of the operations department or function.

Tasks for the Maintenance Category
Include the Following:

FACILITY DEVELOPMENT - analyzing maintenance needs, available resources and possible arrangement and uses for efficiency and effectiveness.

PREVENTIVE MAINTENANCE PROGRAM DEVELOPMENT - analyzing need based on vehicles and facilities, identifying resources and developing maintenance procedures to reduce the possibility of in-service breakdowns.

5. Audiovisual Library:

A lending library is maintained that consists of films and videotapes targeted toward improving transit operations, management techniques and sensitivity to passenger needs.

Most new and small operators do not have budgets that can support consultants or highly qualified management staff. With Transit Management Assistance (TMA), Caltrans' expertise can offer valuable short-term assistance in management, operations, and maintenance training. This program will have obvious benefits in the long term by improving the quality of transit service for those who rely on small transit operators to meet their respective transportation needs. It is the goal of the TMA Program to bring about effective and efficient rural and small area transit operations statewide.

Appendix D

Written Comments Regarding
Increased CTC Role in Transit

The following are letters received by the Commission from regional transportation planning agencies, transit operators, cities, counties and other interested parties regarding this report. They are organized by city or county name. Verbal comments to this report are summarized in Chapter 7 of this report.

JOE LEVY, Chairman
WILLIAM T. BAGLEY, Vice Chairman
JOE DUFFEL
MARGIE HANDLEY
J.T. (TOM) HAWTHORNE
STANLEY W. HULETT
WILLIAM E. LEONARD
BRUCE NESTANDE
RICHARD ROMERO

STATE OF CALIFORNIA

GEORGE DEUKMEJIAN
GOVERNOR



CALIFORNIA TRANSPORTATION COMMISSION

ROBERT S. NIELSEN, Exec. Director

1120 N STREET, P.O. BOX 942873
SACRAMENTO 94273-0001
(916) 445-1690

May 28, 1986

TO: Regional Transportation Planning Agencies
Transit Operators
Other Interested Parties

FROM: Robert S. Nielsen, Executive Director
California Transportation Commission

SUBJECT: REVIEW OF THE ROLE OF THE CALIFORNIA TRANSPORTATION COMMISSION
IN PUBLIC TRANSPORTATION IN CALIFORNIA

Transmitted for your review and comment is a draft report prepared for the Commission on "A Review of the Role of the California Transportation Commission in Public Transportation in California".

The study was authorized partly in response to requests for more Commission involvement in public transportation and partly to determine if future financial shortages would affect the continued operations of public transportation system in California. Further, if public transportation developments are likely to be inhibited, will this affect the efficiency of the state highway system? Finally, if the study showed that the Commission and the state in general should become more involved in public transportation, how, and where, should this be done?

The Commission intends to consider a final version of this report at its August 28, 1986 meeting in San Diego, after extensive review by affected agencies. Linda Bohlinger, the Commission's Deputy Director for Transit Development, will be conducting this review. She plans to meet with the regional agencies at their June meeting and individually with the major transit operators in June and July.

Please transmit any comments you may have regarding the report to Linda Bohlinger by July 11, 1986. Please feel free to call her regarding any questions at (916) 445-1690.

We look forward to your interest and cooperation in defining the state's role in public transportation.

Attachment

RSN:smg:M9

A handwritten signature in cursive script that reads "Robert S. Nielsen".



ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

MAIL ADDRESS P O BOX 190 MONTEREY CALIFORNIA 93942 • TELEPHONE (408) 624-2117
OFFICE LOCATION 23845 HOLMAN HIGHWAY SUITE 227

June 23, 1986

Ms. Linda Bolinger
Deputy Director for Transit Development
California Transportation Commission
1120 N Street
Sacramento, CA 94273-0001

Re: Draft report on the Role of the CTC in Public Transportation

Dear Ms. Bolinger:

AMBAG staff has reviewed the Draft report "A Review of the Role of the California Transportation Commission in Public Transportation in California" and offers the following specific comments:

-It may not have been appropriate to use an AASHTO study as a basis for analysis and discussion in Chapter 5. Although it is not clear as to the degree the AASHTO study was relied upon, that organization has historically focused on the development of highways as opposed to public transit.

-In the discussion of "The Funding Dilemma", the funding dedicated through SB 300 assumed available has been stricken from the budget. This not only points out the increased severity of the dilemma, it illustrates the need for increased vigilance by transportation officials (including CTC) to see that dedicated sources of transit funding are developed and made available.

-On page 60 the statement is made that through the STIP process the CTC can recommend that TSM measures be included in RTP's. We do not believe the STIP process is the appropriate vehicle for CTC involvement in the planning and programming of TSM projects at the local level.

-The CTC should be more active in assisting local agencies to develop funding sources. Commission staff could provide technical assistance toward the development of in lieu fees, developer fees and local gas and sales tax initiatives.

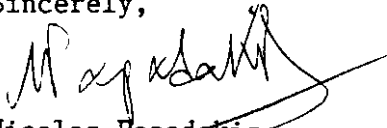
-On page 70 it is suggested that the Commission should work closely with Caltrans in developing public transit policies. While this is certainly appropriate, it is perhaps more important for the Commission to work closely with CAPOTS and other organizations more familiar with the problems and successes of public transportation.

Ms. Linda Bolinger
Page 2 - June 23, 1986

Finally, one more general comment regarding the CTC's role in public transportation: If the Commission truly seeks a more active and sincere role in California's public transportation, it must first buy into transit with some sort of financial support. The support could be in the form of lobbying the federal government and the state for increased transit assistance, assisting local transit and transportation agencies in setting up local funding mechanisms, or providing direct funding to local transit properties. Without this kind of support, it is unlikely that local officials will accept the Commission as a partner in the effort to improve public transportation in California.

Thank you for the opportunity to comment on this Draft Review. If you have any questions concerning the above comments, don't hesitate to call Chris Stephens of our staff at (408) 624-2117.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nicolas Papadakis', with a long, sweeping underline that extends to the right.

Nicolas Papadakis
Executive Director

NP:tw

cc: Frank Lichtanski, MST
Scott Galloway, SMCTD



City of Bakersfield
California

OFFICE OF THE
MAYOR
THOMAS A PAYNE

July 18, 1986

California Transportation Commission
1120 "N" Street
Sacramento, California 95814


Dear Sirs:

As a result of a unanimous vote of the Bakersfield City Council, I am writing to request that the Commission maintain the status-quo relative to their role in Public Transportation. Our position is also supported by the Kern County Council of Governments.

As you know, transit operations have always been under local control, and any change in your role would be a further shift of power away from local agencies to the State. Further, the way State funds have been allocated, historically Kern County has not fared well.

It is our sincere opinion that our community would be better served if the commission continues in the traditional manner of the past. We urge your serious consideration on this matter of mutual concern.

Respectfully,


Thomas A. Payne
Mayor

lh

Incorporated 1965

City of California City



City Hall

PHONE (619) 373-8661

21000 HACIENDA BLVD — CALIFORNIA CITY CALIFORNIA 9350

July 22, 1986

California Transportation Commission
1120 North Street
Sacramento, CA 95814

ATTN: Chairman Joe Leby

Dear Gentlemen:

As representatives of the citizens of California City, we applaud your efforts to fine tune the direction of the California Transportation Commission, and to determine the extent and direction of your involvement in public transportation. This letter is sent in response to your request for feedback concerning the Commission's future direction in public transportation.

Citizens of California City recognize the need for quality public transportation. This need is acutely evident in small rural cities such as California City. To illustrate, were it not for our effective Dial-A-Ride program, many citizens would be unable to attend civic events and enjoy the services offered by California City. Because our public transportation needs are being met both effectively and efficiently, we see no need for the Commission to become strongly involved in public transportation.

Our opposition to the Commission's strong involvement in public transportation is based on what we feel is best for all Californians. All citizens are entitled to public transportation regardless of where or how they live. Should the Commission feel that transportation monies could be more efficiently spent in urban rather than rural areas, many citizens throughout the State would unfairly shoulder the burden of meeting their transportation needs without critical State support, or struggle without public transportation of any kind.

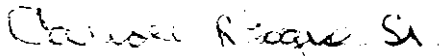
Further, expanded Commission influence in public transportation could expand State bureaucracy. Governor Deukmejian has said many times that California's goal is to reduce bureaucracy, rather than

to expand it. Public transportation has long been provided effectively and efficiently in California City for a number of years. Our feeling is, "If it ain't broke, don't fix it!" In California City, we do public transportation right; and ask the Commission to support, not control, our efforts to provide quality public transportation.

Based on the positive track record of public transportation in California City and Kern County, we urge the Commission to maintain a "status quo" position regarding your involvement in public transportation.

On behalf of the City Council, thank you for considering our views.

Sincerely,



**Carroll R. Logue, Mayor
City of California City**

CRL/RB/rb

CALIFORNIA STATE UNIVERSITY

GRADUATE CENTER FOR PUBLIC POLICY
AND ADMINISTRATION

Master of Public Administration Program

July 9, 1986

Robert S. Nielsen, Executive Director
California Transportation Commission
1120 N. Street
Sacramento, CA 94273-0001

ATTN: Ms. Linda Bohlinger

Dear Mr. Nielsen:

Thank you for sending a copy of the report, "A Review of the Role of the California Transportation Commission in Public Transportation in California". The report was very timely and interesting. The framing of the issues and the problems provided a sound perspective for options available to the Commission.

Based upon the discussion of possibilities for increased Commission involvement, it would seem that option number three "Develop Strong Involvement" is best to pursue. The demands of the era require innovative and balanced leadership at the state level. In terms of public transportation, the vacuum is obvious. There is an excellent opportunity for the Commission to take on the necessary responsibility to represent the state, coordinate intra-state public transportation issues and intermodal arrangements with the highway system.

Another aspect that may be desirable is to increase the role of the private sector in public transportation. State-wide policies for mass transportation and highways would be very helpful to establishing guidance for public-private contacts. It would also give local transportation agencies and governments a framework to cooperate with the private sector. The Commission might design "model" programs, public-private agreements or contracts, and provide technical assistance to the public and private sectors.

I hope these comments are helpful. The report is a strong start in the development of a larger CTC long-term policy.

Sincerely,

Peter L. Shaw, Director
Institute for Transportation Policy and Planning

(213) 498-4177

LONG BEACH CALIFORNIA 90840
THE CALIFORNIA STATE UNIVERSITY AND COLLEGES

Word Searchable Version not a True Copy



COUNCIL OF FRESNO COUNTY GOVERNMENTS

2100 TULARE STREET SUITE 619 • FRESNO, CALIFORNIA 93721 • (209) 233-4148

June 30, 1986

Commissioner Joe Levy, Chairman
California Transportation Commission
1120 N Street, P.O. Box 1139
Sacramento, CA 95805

Subject: Response to Draft Report - A Review of the Role of the California Transportation Commission in Public Transportation in California

Attention: Mr. Robert Nielsen, Executive Director
Ms. Linda Bolinger, Deputy Director

Dear Chairman Levy:

The Council of Fresno County Governments (COFCG) recently received a draft copy of the report A Review of the Role of the California Transportation Commission in Public Transportation in California. COFCG and member agency staff have reviewed the report and offer these tentative comments. Additional review will occur during July and August 1986, including discussions with your staff, other regional transportation planning agencies, and further member agency review. COFCG may revise or submit additional comments based upon that continuing review. However, the COFCG Policy Board has directed me to submit these comments as soon as possible, because of the Commission's apparent desire to review and take positions on transit related legislation which may impact local governments in Fresno County. It appears that those positions may stem from philosophies and potential roles for the Commission which are documented as options within the report, prior to its formal consideration.

As you will see from the following comments, COFCG views some of the report positively but is critical of or concerned about some other parts. The comments herein submitted deal separately with Chapters 1 through 6 (which we view as providing background information) and Chapters 7 and 8 (which deal more specifically with policy issues related to CTC involvement in transit).

Comments on Chapters 1 Through 6

On the positive side, COFCG believes that a report such as this is of value as an informational document for the Commission. In this regard, we believe that the first six chapters of the report

make a good effort of providing information to the Commission regarding the importance of public transportation, the legislative basis of support for transit, the Commission's historic reporting to the Legislature regarding transit and current problems for transit providers. Much of the Commission's focus is on highway funding and programming issues. A report such as this may help broaden a Commissioner's perspective regarding the multimodal transportation system. This information should be particularly valuable to the newer members of the Commission.

Although providing such information to the Commission is valuable, the COFCG Policy Board strongly believes that the way it is presented may be unduly slanted. A few of the most notable examples are as follows:

- The COFCG Board emphasized that the report is biased toward public transportation as a means of serving commuters and reducing urban area congestion. Although service to commuters is one of the important objectives for Fresno Transit, the predominant usage of transit services within Fresno County (including the Clovis transit system and the Fresno County Rural Transit system) is to provide mobility options for transit dependent people (elderly, young, low-income, and handicapped). The report implies that systems tailored to social objectives are less effective than commuter oriented systems. Sometimes the need for transit trips by just a few might be a more meaningful indicator of transit demand than the number of riders.
- The report incorrectly implies that just because the Commission has included statements regarding public transportation in Biennial and Annual Reports to the Legislature that it has been "involved" in broader transit policy or programming than has actually been the case. For the most part the excerpts from such "Reports" merely chronicle the state of the industry for the Legislature. Chapter 4 is a 17 page dissertation which appears to convince the Commission that it have been substantially involved in public transportation policies and programs. However, the last paragraph on page 38 most accurately summarizes the Commission's historic role as limited. More of that "flavor" should be reflected in the text, rather than the series of excerpts.

From COFCG's perspective, Chapter 4 should be deleted. We believe it would be more appropriate to generally describe the "involvement" of a number of transit interests within the context of Chapter 3, since the roles that we all play are rooted in the evolution of federal and state legal authority.

To do that properly may require some reorganization of the "legislative background". We offer the following for your consideration:

- Provide an historical perspective which describes the decline in private provision of transit services and the assumption of transit responsibility by the public sector. This environment of public need which could no longer be adequately addressed by the private sector sets the stage for federal and state transit legislation and programs.
- Document that the Urban Mass Transportation Act of 1964 provided the mechanism for federal grants in aid directly to transit operators, subject to the urban transportation planning process. This grant flow relationship differed from federal assistance programs for highway and local streets and roads, where state administrative responsibility was required. This "funding" relationship set the stage for later transit programs in California.

The only federal transit programs to which operators or regions do not have direct access are the UMTA Section 18 (rural) and UMTA 16 (b) (2) (elderly/handicapped) programs. In these instances, the State has administrative responsibility which is vested with Caltrans - not the Commission.

- Document that two pieces of California legislation (SB 325 (1971) and AB 69 (1972) defined the process in California. SB 325 enabled individual counties to add to the general 1/4% sales tax principally for public transportation (also local roads in some counties). AB 69 created regional transportation planning requirements, including designation of agencies responsible for administering the Local Transportation Fund. State involvement was limited to administrative regulation of the programs to assure compliance with statute. Responsibility was vested with the Department (the "Commission" did not exist at that time).
- A "Commission" role in transit was created by voter approval of Proposition 5 (1974) which allowed the use of Article XIX State Highway Account funds for transit guideway projects in counties. The California Highway Commission would be responsible for sorting out competing highway and guideway needs, both in terms of distribution of funding throughout the state and within individual Proposition 5 counties.
- The Commission's role was expanded by SB 620 (1979). The redesignation of the Transportation, Planning and

Development Account added some areas for direct State responsibility in transit (Intercity bus, State rail program, and the Transit Capital Improvement program geared primarily toward additional support for urban guideway projects). However, it should be emphasized that a "piece" of the additional SB 620 (State Transit Assistance) provided for funding to transit operators without State policy making or programming responsibility.

From COFCG's perspective SB 1331 (1982), SB 1335 and AB 2551 (1982), and SB 300 and SB 367 (1985) merely refine the Commission's program responsibilities in relation to SB 620 authority and do not warrant indepth discussion.

- Summarize that the evolution of legal authority and institutional arrangements regarding public transportation in California has limited the State's involvement. The urban transit operators, particularly the "bus systems" have developed direct access to Federal and State legislators, regional planning agencies, and deal with State agencies only from the standpoint of administrative regulation.
- The source material used for Chapter 5 (Public Transportation Industry Problems) is inadequately documented. Is this material from the cited AASHTO report? Is it the personal opinion of a CTC staff member? In either case, there are some statements within the report which may have policy implications which appear to be unsubstantiated. Statements with which COFCG takes exception include the following:
 - Under the Institutional Environment section, the statements under Political Leadership, Demand Management, Private Sector Involvement, and Role of Labor are questionable (The Goals Articulation statement is excellent).
 - COFCG cannot support the statements made under the Small Area Problems section, at least as they relate to what appears to be a rhetorical question, "Should they (residents of small areas) be served?" Again, the bias toward transit in dense urban areas is evident. From our perspective the rural transit service in Fresno County is needed, primarily because it responds to a needed social purpose. It is heavily subsidized, but the farebox recovery ratio is well above the minimum set by law. From our perspective it is efficient and effective transit service.
- COFCG basically agrees with Chapter 6 The Funding Dilemma as written. COFCG would view Commission involvement in working with local governments, transit operators, regional agencies,

and Caltrans to help secure more stable funding as an appropriate role. Such a role would be welcomed so long as the objective of the Commission's legislative advocacy does not shift to seeking limitations on the discretion of existing local transit decisions or some change in the existing methods for allocating transit resources - particularly for "bus systems".

Comments on Chapters 7 and 8

These two chapters of the report deal more directly with policy options.

Chapter 7 (Possibilities for Increased Commission Involvement) claims to document the results of a series of interviews with "...transit operators, regional agency directors, legislative staff, transportation planning consultants, and several Commissioners...." With some of the topics covered within the chapter the Majority Opinion and Minority Opinion of respondents are documented. COFCG takes major objection to the contents of this chapter.

In our view the failure to document survey question, methodology, and respondents do not make this chapter credible. It is possible to more clearly define the methodology used for subjective survey techniques without revealing confidential sources - assuming it is necessary to shield respondents from the public knowing their positions.

We believe that a broadly based survey, or perhaps an open workshop before the Commission, would be of value. Such a survey approach should:

- Clearly document the "survey instrument", that is the questions consistently asked of all respondents.
- Provide for a random sample of respondents or be open to whoever chooses to respond; in either case, the respondents should be specifically identified.
- Provide for a quantitative analysis of the responses.

Absent adequate documentation of survey methodology, COFCG challenges the following findings or conclusions of the "series of interviews", based on reactions of local member agencies in Fresno County:

- The statement that, "There was also general agreement that the California Transportation Commission could become more involved in certain TSM measures...." (page 59).
- The finding that the Majority Opinion of local government respondents would support more active involvement by the

Commission in public transportation issues - at least without specific definition of what that role might be. It may be that the opposing polls of opinion which this report attempted to document are improperly stated. The commission may still be actively involved with transit interests to develop funding sources without becoming involved with disbursing funds not currently under its jurisdiction (pages 62 and 63).

- The finding that the Majority Opinion of public transit operators support increased involvement by the Commission. The feedback COFCG received from Fresno Transit and Fresno County Rural Transit Agency (FCRTA) representatives who attended the recent CAPOTS conference and heard a presentation by Mr. Nielsen regarding this draft report, was that the industry was skeptical of any change in role by the Commission. Again, the problem may be that the opposing polls of opinion are not appropriately documented (page 63).
- The implication that the Majority Opinion at Caltrans supports some increased role for the Commission. Indeed, much of this discussion appears to lack focus. (pages 65 and 66). From COFCG's perspective "State involvement" in transit may mean either Caltrans or the Commission, and more appropriate questions would attempt to define which agency should be responsible for what parts.

Without more rigorous survey techniques, there is no basis for the Conclusions and Recommendations documented in Chapter 8 (page 70) which are attributed to "general agreement".

Among the Options for the Commission which are offered on page 72, the position COFCG on each is as follows:

1. Maintain the status quo. COFCG most favors this option, until such time that the Commission and local agencies, transit operators, regional agencies, and Caltrans have the opportunity to adequately address the issues. A test of adequacy would be rigorous survey techniques discussed above, open discussion of issues, and very well defined roles for all transit interests.
2. Develop limited involvement COFCG might support this position if the specifics of such limited involvement were specifically defined and consistent with local opinions regarding institutional responsibilities for transit policy, issues of administration flexibility consistent with local interests, and maintenance, of local discretion regarding programming responsibilities - particularly "bus systems".
3. Develop strong involvement COFCG is opposed to this option. COFCG might support a stronger legislative advocacy role for

the Commission, if we had some assurance that such advocacy would be consistent with local interests. It would be appropriate for the Commission to work with transit interests groups (APTA, CAPOTS, and the RTPAs) to help secure a stable transit funding base and to help local governments obtain the same kind of flexibility in administering transit programs that the Commission seeks from the Federal government in administering highway programs. If the Commission's June 26, 1986 consideration of SB 949 (Presley) and SB 1842 (Bergeson) is an indication of the posture the Commission would assume in legislative advocacy, then such a role would not be welcomed. In both instances the Commission appeared to entertain positions which run counter to the positions established by RTPAs and CAPOTS after extensive fact finding and compromise. If the Commission is to become more involved in transit legislative advocacy, it should serve as a ally of transit interests not an adversary.

COFCG is clearly opposed to an expanded role of the Commission which would be "...basically similar to that in the highway program..." which would include assurance that "...funds are allocated in optimum fashion". From our perspective the method in which the Commission allocates highway program funds is an inappropriate model for transit programs. From our perspective, the Commission has not met statutory "county minimum" requirements (understandably because of the problems posed by Interstate Completion), but also has not clearly supported the philosophy behind that legislative requirement. We wonder if the Commission would meet "county minimums" if the fund type limitations were removed. What is clear to us is that Fresno County has not received its fair share of highway program resources and is not likely to do so within the foreseeable future. So, given the apparent bias of this report that only public transportation is effective only in dense urban areas where it is tailored for use by commuters, we fear that Fresno County would again be shortchanged with any transit funding allocations scheme left to the Commission's discretion.

Concluding Comments

COFCG views the value of this draft report as a document which will stimulate public debate before the Commission regarding the appropriate role for a variety of transit interests. As is apparent from these lengthy comments, we believe that much of the content of the report is flawed. However, discussing the report,

Page 8

and the responses of local governments, transit operators, regions, and Caltrans before the Commission may help to heighten awareness and develop cooperative efforts toward more secure transit programs in the future. We welcome the opportunity to participate in that debate.

Sincerely,



JACK REAGAN, Executive Director
Council of Fresno County Governments

JR/dw

July 21, 1986

Honorable Joe Levy, Chairman
California Transportation Commission
1120 N Street
Sacramento, California 95814

Dear Chairman Levy:


At the regular Kern Council of Governments (Kern COG) meeting of July 17, the Board reviewed the Commission's report entitled "A Review of the Role of The California Transportation Commission in Public Transportation in California." After considerable discussion, the Kern COG Board of Directors concluded that the California Transportation Commission (CTC) should maintain minimal involvement in local transit matters and pursue the "status quo" alternative.

The Kern COG Board agreed with the report that public transportation should be considered when making decisions concerning highways and other modes of transportation in order to ensure that proposed expenditures are efficient and coordinated.

However, the Board is also of the opinion that increasing the activity and responsibility in public transportation is not the appropriate role of the CTC. Public transit is a function of local government and is not a function of state government. The current local operations of public transit works efficiently and effectively. In addition, the public transportation industry has organized effective associations which guide public policy to ensure favorable consideration for public transit. Again, the Kern COG Board recommends that the CTC maintains their current involvement in local transit matters.

If you have any questions concerning the above matter, please contact the Kern COG staff.

Sincerely,



G. Mark Gibb
Executive Director

GMG:dc

dq

LASSEN COUNTY TRANSPORTATION COMMISSION

Room 105 Courthouse Annex Susanville California 96130

T-10 (a)
86-386

June 12, 1986

Linda Bohlinger, Deputy Director, Transit Development
California Transportation Commission
P. O. Box 942873
Sacramento CA 94273-0001

Dear Ms. Bohlinger:

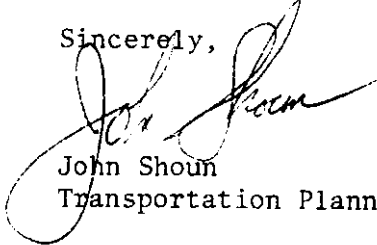
I have just finished reading your draft report to the California Transportation Commission on "A Review Of The Role Of The California Transportation Commission In Public Transportation In California".

I have been in the transportation business just over one year now, and I have had several reports come across my desk from the Federal level on down. I want to congratulate you on a most informative and comprehensive draft.

If the decision is made for the CTC to become more involved in public transportation, it is the concern of the Lassen County Transportation Commission to have the CTC focus its involvement on legislative support for dedicated funding sources and to liberalize and give the local commissions more involvement in the allocations of transportation funds to meet special transportation needs.

Good luck at your final review in San Diego, August 28th!

Sincerely,



John Shoun
Transportation Planner

js:seh

cc: Robert S. Nielsen, Executive Director, CTC



Monterey-Salinas Transit
One Ryan Ranch Road
Monterey, California 93940
(408) 899-2558/424-7695

July 11, 1986

Mr. Robert S. Nielsen
Executive Director
California Transportation Commission
1120 N. Street
Sacramento, CA 94273-0001

Dear Mr. Nielsen:

I read with interest your draft report entitled "A Review of the Role of the California Transportation Commission in Public Transportation in California" and wish to submit comments as a small transit operator in a "rural" county.

My greatest concern with the proposal to increase the CTC's role in transit is that our transit system will fall victim to the state's artificial definition of a "rural" county, and thereby receive only minimal consideration in project approval and/or funding. Your report mentions concepts and projects only in the "urban" areas. The distinction between "rural" and "urban" is relative. For example, a fast growing or heavily touristed county such as Monterey County has many of the same transportation problems as an "urban" county. The only difference is the magnitude of the problem and the magnitude of the funding to solve the problem.

Second, under the concept of a Caltrans block grant program for transit, the report mentions operating assistance only in the small urban areas. Excluding operating assistance for operators located in small urbanized areas under 200,000 population runs counter to the CTC's stated goal in your report of fostering improved transit. It also implies that operations in smaller urban areas are categorically less effective, efficient and productive than transit operations in large urban settings. Unless significant changes are made in the thinking both at the CTC and at the Caltrans level, public transportation in smaller urban areas will certainly suffer.


Mr. Robert S. Nielsen
July 11, 1986
Page 2

Suggested roles for which we would support increased CTC and Caltrans involvement include:

- * Lobbying for continued support of public transit at both the federal and state levels.
- * Guaranteeing that California gets its fair share of federal transit funds vis-a-vis the amount Californian's pay.
- * Construction of rationally planned, locally invoked park-and-ride, transit center, and multi-modal facilities.
- * Development of interface facilities at rail terminals, airports and bus stations.
- * Consolidation of rural Caltrans districts which presently provide very little meaningful technical support to public transportation systems. The money saved from such a consolidation could then be spent on statewide demonstration projects.
- * Cost/benefit studies outlining the alternatives to continued, expensive road construction. This should be a strict requirement to Caltrans and should be directly enforced by the CTC.

Thank you for the opportunity to comment.

Yours truly,


Frank J. Lichtanksi
General Manager

FJL:bhc
cc: CAPOTS



RIVERSIDE COUNTY TRANSPORTATION COMMISSION

4075 Main Street, Suite 302 • Riverside, California 92501 • (714) 787-7141

COMMISSIONERS

July 2, 1986

JEAN MANSFIELD
CHAIRMAN
COUNCILWOMAN
CITY OF RIVERSIDE

TO: Jack Reagan, Executive Director
Council of Fresno County Governments

KAY CENICEROS
VICE CHAIRMAN
SUPERVISOR
COUNTY OF RIVERSIDE

FROM: Barry Beck, Executive Director *BB*

SUSAN CORNELISON
CITIZEN MEMBER

SUBJECT: Role of CTC in Public Transportation

CARMEN COX
COUNCIL WOMAN
CITY OF PERRIS

Here's my comments regarding the 9 options for CTC involvement in public transportation.

MELBA DUNLAP
SUPERVISOR
COUNTY OF RIVERSIDE

OPTION 1: Highway System Integration

S. ROY WILSON
COUNCILMAN
CITY OF PALM DESERT

To the extent that this is appropriate, it is and should continue to be the combined responsibility of Caltrans and regional planning agencies. I see no reason or need for a second State agency to become involved particularly on such localized issues as para-transit and park and ride lots. Major facilities, e.g. HOV lanes, should be planned for RTP's.

A. NORTON YOUNGLOVE
SUPERVISOR
COUNTY OF RIVERSIDE

OPTION 2: Transportation System Management

BARRY BECK
EXECUTIVE DIRECTOR

Again, these are matters best left for local and regional planning. There is plenty of local expertise on these matters and CTC involvement is unnecessary.

OPTION 3: Federal Government

In developing State positions on federal legislation, I agree that the CTC needs to develop an overall position on transit and highways. However, I doubt the CTC could be a major actor on transit - that role will probably continue to be filled by APTA and major transit agencies.

OPTION 4: State Government

I strongly disagree with the thrust here. These issues - system balance, continuity, alternative analysis - should be the responsibility of the regional planning agencies with the assistance of Caltrans.

Mr. Jack Reagan
July 2, 1986

I do think the CTC should help develop and advise the Legislature on statewide policies such as State funding assistance, statewide farebox return regulations, etc. However, regarding statewide regulations, I do not support any further intrusion into what should be generally a local decision-making process.

The CTC should also become involved to the extent necessary to properly carry out its responsibility to program TP&D and Prop 5 funds for rail and other transit projects. This should, however, be limited to specific project review and analysis.

OPTION 5: Local Government

Same as previous comments. We already have Caltrans (and they are of no real help for that matter).

OPTION 6: Public Transit Operators

CTC should take positions on State funding issues but I doubt it can or should be the leader on public transportation financing.

OPTION 7: Business Community

Again, I doubt the CTC can be effective in such a leadership role without much greater involvement in all aspects of public transportation which is not desirable.

OPTION 9: Caltrans

The Legislature has given authority to regional transportation planning agencies to plan for the "total transportation system". Caltrans is the appropriate State agency to participate in the regional planning process, not the CTC.

I guess the above comments are pretty negative. They are in reaction to what I see as the report's almost complete disregard for the role of regional planning agencies. The report implies that there is a lack of planning and the CTC needs to come to our rescue. Like we've never heard of ridesharing, commuter lanes, park and ride lots, one-way streets, system continuity, etc, etc.

Mr. Jack Reagan
July 2, 1986

CTC staff should be required to read AB 402 which provides in great detail the duties of the CTC, Caltrans and regional agencies. Nowhere in that bill is there any statutory authority or intent for the CTC to expand its responsibilities as set forth in the 9 options. The CTC has done an outstanding job carrying out its present statutory responsibilities. Let's leave well enough alone.

(And, I agree with you Jack, if we were to take our own poll on this, it would be radically different than Nielsen's poll.)

BB:nk

cc: Linda Bohlinger



REGIONAL TRANSIT

P.O. Box 2110 • 1400 29TH STREET • SACRAMENTO, CA 95810-2110 • (916) 321-2800

July 14, 1986

Ms. Linda Bohlinger
Deputy Director for Transit
Development
California Transportation Commission
1120 N Street
P. O. Box 942873
Sacramento, California 94273-0001

Dear Ms. Bohlinger:

Thank you for taking the time to meet with me on June 30th regarding the role of the CTC in public transit.

I found the meeting to be most informative as to the current role CTC plays in both transportation and public transit throughout the State. As you know, I have been in California less than a year, so our meeting was particularly informative for me.

I hope the meeting was equally productive for you and that you found RT's comments and suggestions regarding an increased CTC role in public transit helpful.

If I can be of further assistance please contact me at 732-2253 at your convenience. Again, thank you for your time on the 30th.

Sincerely,

A handwritten signature in dark ink, appearing to read "Wendy J. Hoyt". The signature is written in a cursive, somewhat stylized script.

Wendy J. Hoyt
Assistant General Manager,
Planning

c: Robert S. Nielsen, Executive Director
David A. Boggs, General Manager



Metropolitan Transit Development Board
620 "C" Street, Suite 400, San Diego, California 92101-5368 (619) 231-1466

June 26, 1986

G-C 2

Mr. Robert S. Nielsen
Executive Director
California Transportation
Commission
1120 N Street
P.O. Box 942873
Sacramento, CA 94273-0001

Dear Bob:

RE: ROLE OF THE CALIFORNIA TRANSPORTATION COMMISSION IN PUBLIC
TRANSPORTATION IN CALIFORNIA

We have reviewed the draft report dated May 28, 1986 on the above
subject.

Our Board of Directors acted at today's meeting to support a strong
involvement approach in public transportation (as stipulated in Option 3
on page 72 of the draft report). We are especially supportive of an
advocacy role for public transportation projects and service expansion
that would enhance the strength of the industry.

Since 1978 we have had significant firsthand experience working with the
Commission and respect the important role you can play in project imple-
mentation. Our Board is especially appreciative of the creative
financing techniques that have been nurtured to fruition in a coopera-
tive venture with us. This partnership has been an ideal example of
state-local parties working together. We have the South and Euclid LRT
Lines to show for that partnership.

While we support a strong CTC role, we also hope that you include us,
SANDAG, and our local transit operators throughout an evolutionary
process of policy development.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom", is written over the typed name.

Thomas F. Larwin
General Manager

TFL:dg

Area Planning Council

An Association of Local Governments in Santa Barbara County

May 14, 1986

Mr. Robert Nielsen
Executive Director
California Transportation Commission
1120 N Street
P. O. Box 1139
Sacramento, CA 95805

Re: Proposed Public Transportation Policy

Dear Mr. Nielsen:

I have recently reviewed the draft Executive Summary of the CTC's report, A Review of the Role of the California Transportation Commission in Public Transportation in California. While it may not be altogether fair to comment on the report on the basis of the Executive Summary alone, I am concerned that the CTC seems to be heading in what I believe is an inappropriate direction in its attempt to carve out a stronger role in the area of public transportation.

My concerns generally relate to what I perceive to be an intrusion by a state agency, viz., the CTC, into what has historically been a regional or local responsibility. I think that it is incorrect to assume that because the Commission has a well justified and clearly defined role in highway transportation that it should have a similar role in public transportation. The analogy between highways and transit cannot be supported by the facts. Highways are truly a statewide transportation system, whereas public transportation is composed of a number of discrete regional or local systems tailored to the particular needs of each service area as perceived by local transit officials. While there is certainly a need for system integrity and consistency among individual transit systems, that need exists only at the regional level.

I can certainly appreciate the CTC's view that the level of transit service available in an area impacts to a degree on the need for highway improvements, which is an issue clearly within the purview of the Commission. However you must admit that the level of transit service is very much a function of regional/local needs and policies. Consequently, any change in policy which

Mr. Robert Nielsen
May 14, 1986 - Page 2

might introduce some future statewide standard upon regional or local systems has to be viewed with great concern. I recognize that the report does not explicitly state that this is an objective of your proposed policy. It does state, however, on page 9 that a total transportation system including state highways, public transportation and local streets and roads could be made more efficient through additional involvement by the Commission. That assumption, which is totally unsupported, troubles me greatly. I am sure that it would be viewed with equal concern by most local transit and public works officials.

I can certainly support the idea of a stronger role for the Commission in the area of public transportation. In my opinion that role should be limited to the more "generic" aspects of public transportation, recognizing its proper role in the overall system. That role should include support of transit legislation and financing, increasing the opportunities for transit operator participation and involvement in the statewide transportation community, and a stronger voice in the effort to "sell" the advantages of transit to business and industry.

I hope that you will accept my comments in the positive manner in which they are intended and not interpret them as an indictment of the Commission's attempt to articulate a reasonable role for itself in the area of public transportation.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. R. Lorden".

G. R. Lorden
Executive Director

GRL:mk



SANTA CRUZ COUNTY TRANSPORTATION COMMISSION
701 Ocean Street, Room 420 Santa Cruz, California 95060 (408) 425-2776

July 3, 1986

Linda Bolinger
Deputy Director for Transit Development
California Transportation Commission
1120 N Street
PO BOX 1139
Sacramento, California 95805

SUBJECT: ROLE OF THE CALIFORNIA TRANSPORTATION COMMISSION IN PUBLIC
TRANSPORTATION

Dear Ms. Bolinger:

Thank you for sending us the consultant's draft report on A Review of the Role of the California Transportation Commission in Public Transportation in California. I believe my comments will be compatible with what seemed to be a growing consensus among RTPA group members that the Commission's role in public transportation should not be expanded in major ways at this time.

After reading the report, the main issue in my mind was whether or not the Commission could successfully take on a significant new role while still fulfilling its primary policy and decision-making role vis-a-vis state highway programming and funding. Based on my admittedly brief exposure to the Commission, I don't believe it can.

Public transportation in California does need commission-level support and advocacy for all the reasons outlined in the report. However, I agree with the comments on the last page of Jack Reagan's draft letter from COFOG regarding the applicability of the CTC's current method for allocating state highway funds to the allocation of transit funds. We in Santa Cruz County have similar concerns about the commitment of the CTC to the state highway and transit needs of small urban areas in California. If transit funds were allocated to a greater degree at the state level through the CTC, small transit operators, which usually serve a significant local need, may not be able to successfully compete with the large urban operators serving the urban commute market.

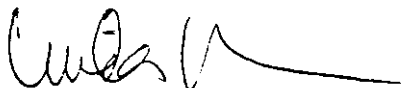
In general, I still prefer the "limited involvement" option as presented in the report. However, I think the current Commission's biases tend to be directed away from a true commitment to public transportation and modifying this bias could be a major task.

Linda Bolinger
July 3, 1986
page 2

I found the background information presented in the report useful and I believe the report did adequately outline the options for the Commission.

Thank you for the opportunity to comment on this draft report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Linda Wilshusen', with a long horizontal flourish extending to the right.

Linda Wilshusen
Executive Director

LW/ph
LTRLINDA.786
cc: Jack Reagan, COFOG



**Washington State
Department of Transportation**

Transportation Building KF-01
Olympia, Washington 98504-5201
206 753-6005

Duane Berentson
Secretary of Transportation

July 10, 1986

Ms. Linda Bohlinger
Deputy Director for Transit Development
California Transportation Commission
1120 N Street
P.O. Box 942873
Sacramento, CA 94273-0001

Dear Ms. Bohlinger:

I have reviewed your draft of A Review of the Role of the California Transportation Commission in Public Transportation in California and find it to be very interesting and full of facts about public transportation in the state of California.

Even though public transportation only carries about three to four percent of all the person trips generated on an average day in California, the role of public transportation during the peak hours in the urbanized areas is one that cannot be overlooked. It seems to me that the solution to the ever-increasing traffic congestion problems in and around the urbanized areas, not only in California but the entire nation, will be based on the use of balanced transportation strategies. These include streets and highways, high-occupancy vehicle lanes, metered ramps to limited access facilities, rail transit, bus transit, bus-, van-, and carpools, improved signalization systems, and specialized transportation for the elderly and handicapped.

A truly balanced transportation system will require the involvement and cooperation of all agencies who have regulatory and/or funding control of transportation. Therefore it seems to me that in California, the Transportation Commission should be deeply involved in promoting public transportation. Of the three options listed on page 72, No. 3 - Develop strong involvement would be the most appropriate. To provide for a continuation of a strong public transportation segment in this nation will require the support of state departments of transportation at the state and federal level. Cooperation and active involvement by the departments of transportation in professional and lobbying groups, such as AASHTO and APTA, is essential. Some alternate sources of dedicated funding for public transportation beyond just the one-cent gas tax are needed. If a totally dedicated fund were set up, it would mean that the UMTA programs would not be dependent on the general fund and would not have to compete annually with all the other general fund programs.

Thank you for affording us the opportunity to review and comment on this document.

Sincerely,

JAMES P. TOOHEY
Assistant Secretary
Planning, Research and
Public Transportation

By: **JAMES H. SLAKEY**
Manager
Public Transportation Office

JPT:jnp
JHS:BCK

