

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Baselines: Current and Future Transit Trends

California Statewide Transit Strategic Plan

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Executive Summary

Introduction: Transit in California

Transit plays a key role in the movement of people in California. Transit planning has historically been carried out primarily by transit operators and agencies as a part of their regular activities for operating transit. Transit providers have understood early in the planning and development of public transportation, the public's growing concerns for a lack of transportation alternatives, and the importance of transit in California.

In more recent times, transit providers have struggled to balance their budgets as they address increased operating costs, capital reinvestment backlogs, and funding reductions as a result of the economic downturn. Traditional funding sources have been impacted on all levels - federal, state, and local - and transit agencies are trying to adapt to these ongoing impacts by taking various measures such as cutting transit services and operations, while seeking new sources of revenue. Investments to preserve transportation systems, such as the public transit infrastructure, simply have not kept pace with the demands on them. Recently, the Department of Transportation (Caltrans) in partnership with the California Transportation Commission (CTC) who working with the regions, Rural County Task Force, transit agencies, and ports, developed an interim draft "Statewide Transportation System Needs Assessment." The assessment resulted in the development of a comprehensive and coordinated list of transportation projects and programs, and related funding requirements, which will allow local, state and regional transportation agencies to present a consistent message when communicating California's transportation system: preservation, expansion, management, maintenance and operations needs. In addition, the California Unmet Transit Funding Needs FY 2011-FY 2020, which was developed in partnership with Caltrans, the California Transit Association (CTA), and the Sacramento Area Council of Governments (SACOG) is a study that tries to determine the depth of transit funding needs facing transit agencies and the competition for available funding.

Climate change concerns have prompted the need for re-evaluating the role and use of private automobiles and a renewed focus on the strategic role transit plays in lowering Greenhouse Gas emissions and overall improved mobility in California. The following laws supporting this renewed focus on transit can be seen in: the California Environmental Quality Act (CEQA) which provides guidance for integrating greenhouse gas emissions (GHG) reduction goals; Assembly Bill (AB) 32, the Global Warming Solution Act of 2006 that created a comprehensive plan to reduce greenhouse gas (GHG) emissions in California; Senate Bill (SB) 375 that establishes new links between regional transportation plans, land use planning, GHG emissions reduction and housing and requires a Sustainable Communities Strategy (SCS) be developed by Metropolitan Planning Organizations to enhance California's ability to reach its AB 32 goals.; and Senate Bill (SB) 391 that requires Caltrans to update the California Transportation Plan. Public transit is crucial to helping lower vehicle miles traveled (VMT), and without it, efforts to change land use patterns alone cannot bring desired GHG emissions reductions as required. Climate and energy concerns, changing population patterns, and forecasted population growth in the state all support transit's relevance as a strategic mobility service in California.

As land use patterns have decentralized and commutes have grown longer, the ability to live further away from city centers is made possible primarily due to improvements in transportation, and transit service has become increasingly important to those who travel from rural to urban areas. Yet, there are many who commute by private auto, resulting in: increased congestion, limited space for parking, and

higher gas prices. These factors have contributed to a greater need for transit services to include commuter and urban rail, express buses, and employer-provided shuttles. Although using transit services in non-urban areas is a more expensive choice moving fewer passengers in California than modes serving dense city areas, these services are important mobility choices for people living outside urban areas, and provides a transportation alternative for automobile-dependent travelers.

Transit continues to play an important role in providing quality service and availability for a broad segment of the California population, including: providing mobility for those who cannot drive and providing good alternatives to those who do drive, while reducing congestion on highways and offering energy efficient travel at a reasonable cost. At the same time, funding for transit continues to be a challenge as local sales tax revenues decrease and shifts in priorities occur at both State and Federal levels.

This report, Baselines: Current and Future Transit and Demographic Trends, California Statewide Transit Strategic Plan (STSP) is the deliverable for the first phase of three, for the Statewide Transit Strategic Plan (STSP) that is being developed in partnership with the California Department of Transportation (Caltrans), the California Transit Association (CTA), and the California Association for Coordinated Transportation (CalACT). The STSP will assist the Department and stakeholders in recognizing transit as a part of the larger transportation system in California. The STSP project creates a forum for Caltrans and transit providers to share information, to discuss mutual goals and policies, and it supports the statewide objectives of the Interregional Blueprint and the California Transportation Plan. These collaborative efforts will help build consensus for a collective vision for California's future transportation system. The Baseline report for the STSP provides a basic overview of the current transit operations and services in California, funding sources for transit investments and operations, and level of ridership of public transit providers. It also identifies some of the opportunities and challenges in coordinating public transit services on a statewide scale. The Baseline report will be used as a basis in the next phase, interviews with targeted transit providers. The final phase of the STSP project will result in both a final Strategic Issues Document and a Report on Cost-Effective Improvements to Transit. The overall goals of the STSP are to promote multiple objectives, including improved mobility, meet global warming initiatives outlined in Assembly Bill (AB) 32 and Senate Bill (SB) 375, and support Senate Bill (SB) 391, Caltrans' update of the California Transportation Plan.

The following are summaries for eight sections, shown in more detail later in this report, beginning with State and federal requirements that support transit planning in California and concluding with transit-related challenges and opportunities:

Section 1: California & Federal Law on Strategic Transit Planning

The first section of the report analyzes the California and federal mandates supporting transit planning. The amended CEQA guidelines include guidance for integrating greenhouse gas emissions (GHG) reduction goals. Public transit services greatly assist us all in improving mobility and meeting GHG goals as outlined in AB 32, SB 375 and SB 391. Although these bills do not directly address the need for more and better-coordinated public transit, this section concludes that legislation can play an important role in supporting public transit. Based on an examination of FTA's data and other academic, government, and industry sources, public transportation can reduce greenhouse gas emissions by providing a low emissions alternative to driving, facilitating compact land use, reducing the need to travel long distances, and minimizing the carbon footprint of transit operations and construction. Air quality regulations coupled with the mandate to connect transportation and land use planning, support transit.

when combined with other strategies, can bring lower levels of VMT. Many regions will incorporate transit oriented development as a central element of their Sustainable Communities Strategy.

California Environmental Quality Act (CEQA)

The National Environmental Policy Act (NEPA) came into law in 1969. In response, the California State Assembly created the Assembly Select Committee on Environmental Quality to study supplementing NEPA through state law. In 1970, this committee issued The Environmental Bill of Rights, which called for a California counterpart to NEPA. Later that same year, the legislature passed, and Governor Reagan signed, the California Environmental Quality Act (CEQA).¹

Senate Bill 97 (2007) required the Governor's Office of Planning and Research (OPR) to develop amendments to CEQA Guidelines for the mitigation of greenhouse gas emissions and their effects. OPR was to prepare, develop, and transmit amendments to the Natural Resources Agency by July 1, 2009.²

As directed by SB 97, the Natural Resources Agency amended CEQA Guidelines for greenhouse gas emissions on December 30, 2009. On February 16, 2010, the Office of Administrative Law approved the amendments and filed them with the Secretary of State for inclusion in the California Code of Regulations. The amendments became effective on March 18, 2010.³

The new guidelines seek to integrate the GHG reduction goals of AB 32 and SB 375 into the CEQA review process. Additionally, SB 375 includes CEQA streamlining for regions with Sustainable Communities Strategies. CEQA streamlining applies to certain projects, including "Transit Priority Projects" (at least 50% residential uses, a density of at least 20 units per acre, and within a half mile of a regional transit corridor) or residential/mixed use (at least 75% of the total square footage for residential uses).

Air-Quality Mandates for Transit Operators

Air quality mandates call for monitoring transit vehicle fleets and funding new equipment. Adopted in February 2000 Title 13 (California Code of Regulations, sections 1956.1, 2020, 2023, 2023.1 & 2023), requires urban bus operators to choose either diesel or alternative fuel, to reduce exhaust emissions. The Air Resources Board monitors nitrogen oxides and particulate matter emissions from transit fleets, and funds zero-emission bus demonstration projects. Transit agencies choosing diesel must purchase new, cleaner buses, or retrofit older bus engines with filters. ARB sets emission standards for clean diesel buses. Agencies choosing alternative must purchase at least 85% alternative-fuel buses, running on compressed natural gas, propane, ethanol, biodiesel, or methanol. The ARB has opposed on a requirement that transit operators purchase zero emissions buses.⁴

Bond Initiatives

Proposition 1A-- High-Speed Rail

In 2002, California voters approved the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, which generated \$10 billion for intercity high-speed rail. The High-Speed Rail Authority, established in 1996, oversees the implementation of high-speed rail funds, including \$3 billion from

¹ California Natural Resources Agency website, "Frequently Asked Questions About CEQA," <http://ceres.ca.gov/ceqa/more/faq.html#guidelines3>

² California Natural Resources Agency website, "Proposed Guidelines Amendments & Related Materials," http://ceres.ca.gov/ceqa/guidelines/proposed_guidelines_amendments_and_related_materials.html

³ California Natural Resources Agency website, "CEQA Guidelines: 2009 SB 97 Rulemaking," <http://ceres.ca.gov/ceqa/guidelines/>

⁴ California Air Resources Board, "Postponement of the Purchase Requirement for Zero-Emission Buses under the Transit Fleet Rule," <http://www.arb.ca.gov/msprog/bus/zeb/mailouts/msc1004.pdf>

federal programs. The federal government also redirected \$624 million to California's High-Speed Rail Authority from other states not planning a high-speed rail system.

California's High-Speed Rail Authority envisions a new transportation system linking Los Angeles to San Francisco through the State's Central Valley. The planned rail system will provide Californians an alternative to automotive and air travel and aims to make the State's transportation system globally competitive.

Proposition 1B (The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006)

Proposition 1B authorizes programs to improve transportation infrastructure in California, including transit improvements. Three specific programs authorized by Proposition 1B include: (1) the Corridor Mobility Improvement Account, which funds transit improvements to the State Highway System and its major access routes; (2) the Local Street and Road, Congestion Relief, and Traffic Safety Account, which funds improvements to transit facilities that reduce traffic, improve safety, and increase ridership, and (3) the Public Transportation Modernization, Improvement, and Service Enhancement Account, which provides funding for projects such as transit rehabilitation, safety or modernization improvements of transit facilities, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock procurement, rehabilitation or replacement.

Proposition 1C (The Housing and Emergency Shelter Trust Fund Act of 2006)

California's Proposition 1C funds affordable housing and infrastructure projects in the State's Strategic Growth Plan. Proposition 1C authorizes funds for infill housing and projects that improve transit access. Prop 1C also funds high-density, transit-oriented development projects, as well as transit information systems. The California Department of Housing and Community Development oversee these funds.

Proposition 116 (The Clean Air and Transportation Improvement Act of 1990)

California's Proposition 116 authorized \$2 billion to expand intercity, commuter, and urban rail service. It also funded Amtrak, subway and light rail projects, a proposed monorail in Irvine, the San Francisco Bay Area ferry service, bicycle commuter projects, rural public transit, and the Bay Area Rapid Transit extension to San Francisco International Airport.

Assembly Bill 105

Assembly Bill 105 (2011) reauthorizes the fuel tax swap of 2010, which allowed the state to use gas tax revenues for general obligation bond debt service, and provided restorative funding for local transit. AB 105 maintains annual transit funding at \$350 million, the amount proposed by the fuel tax swap, by shifting sales tax on diesel fuel to transit operations. The fuel tax swap was overturned by Proposition 26, which stated that any new taxes or fees put into place after January 1, 2010 required a two-thirds vote of approval, and by Proposition 22, which prohibited the use of gas tax revenues for general obligation bond debt service.⁵

The California Transportation Plan (CTP)

Senate Bill 391

Senate Bill 391 (2009) requires the California Department of Transportation (Caltrans) to update the California Transportation Plan (CTP) by December 31, 2015, and every five years thereafter. SB 391 also

⁵ Legislative Counsel of California website, "AB 105 Assembly Bill –Bill Analysis," http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_105_cfa_20110317_113735_sen_floor.html

Section 2: Transit Funding in California

California's \$7.7 billion⁶ of transit funding comes from several sources. Three-quarters of transit funding comes from taxes, fees, and bonds, and the remainder from operations. Capital⁷ funds are evenly divided between federal, state, and local government sources. Most operating⁸ funds come from fares and state and local governments.

The Federal Transit Administration (FTA) administers most federal funds for transit. Other federal agencies, such as the Department of Homeland Security, also provide funding, usually as grants for security.

State and local funding is provided through excise and fuel taxes, as well as general funds. State and local bonds, tolls, and grants from other public agencies, such as air quality management districts, also supply transit funding.

In addition to government sources, transit agencies generate revenue from fares, advertising, investments, leases, contracting services and parking.

Federal Transit Funds

The following section outlines major sources of federal transit funding.

FTA Section (5304)

This fund supports planning for transportation investments. Eligible recipients are State Departments of Transportation (DOTs) and Metropolitan Planning Organizations (MPOs). Funds are first apportioned to State DOTs, which then allocate funding to MPOs. Individual projects may not receive federal funds unless they are included in the Transportation Improvement Plans required by this section.

FTA Urbanized Area Funds Section (5307)

These funds are allocated to urbanized areas (U.S. Census-defined, with a population 50,000 or more) by formula according to population and amount of transit service, for capital projects or maintenance, though operating expenses is an eligible expenditure for areas of less than 200,000.

⁶ According to the 2009 National Transit Database

⁷ For purchase of equipment (non-expendable tangible personal property having a useful life of more than one year and an acquisition cost the lesser of: the capitalization level established by the government unit for financial statement purposes, or \$5,000). Capital expenses do not include operating expenses (OE) that are eligible to use capital funds. Definition from FTA National Transit Database
<http://www.ntdprogram.gov/ntdprogram/Glossary.htm#C>

⁸ The expenses associated with the operation of the transit agency, and classified by function or activity, and the goods and services purchased. These are consumable items with a useful life of less than one year or an acquisition cost which equals the lesser of: The capitalization level established by the government unit for financial statement purposes, or; \$5,000. Definition from FTA National Transit Database
<http://www.ntdprogram.gov/ntdprogram/Glossary.htm#O>

FTA Capital Program Funds (New Start Program) Section (5309)

These funds are allocated by a combination of formulas and competitive or discretionary grants, new (or extension or improvement of) fixed guideways, rolling stock purchase, facilities construction, and maintenance.

American Recovery and Reinvestment Act of 2009 (“Recovery Act” or “ARRA”) - ARRA funding is for: vehicle acquisition, equipment, facilities, preventative maintenance, transit safety and security, like the FTA Section 5311 Program, which also includes for paratransit operating assistance under Americans with Disabilities Act regulations⁹.

ARRA apportionment: \$2.57 billion for highways, local streets, freight and passenger rail, and port infrastructure, including \$1.07 billion for transit.

Capital investment for non-urbanized areas (transit) is \$34 million

Transportation Investment Generating Economic Recovery (TIGER III) – FTA Sustainability Initiative grant program (Transportation Appropriations Act – a discretionary fund)

Funds are provided through a competitive grant; promotes job creation, \$140 million available for rural areas nationwide; Caltrans in partnership with Public and Private transit providers; to upgrade existing Intercity Bus services; and link communities with existing transportation networks.

Additional federal funds administered by the FTA include:

- Metropolitan Planning (5303)
- Clean Fuels (5308)
- Transportation for Elderly Persons and Persons with Disabilities (5310)—discussed in Section 7: Specialized Transit
- Rural and Small Urban Areas (5311)—discussed in Section 7: Specialized Transit
- Job Access and Reverse Commute (5316)—discussed in Section 7: Specialized Transit
- New Freedom (5317)—discussed in Section 7: Specialized Transit

State and Local Funds

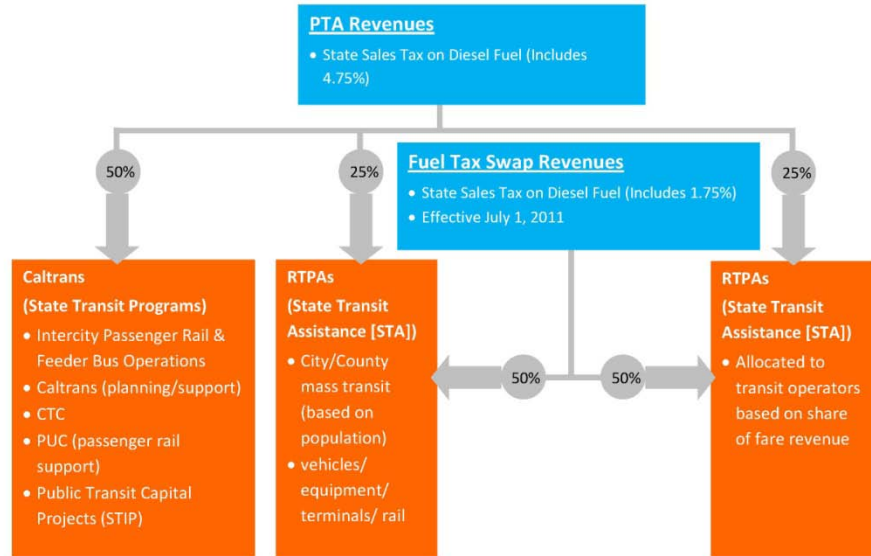
State and local funds make up two-thirds of transit funding in California. The largest state sources:

- Transportation Development Act
- Public Transportation Account
- Transportation Investment Fund, and
- Proposition 1B—PTMISEA

⁹ A web site with information on this funding opportunity is available at <http://www.dot.ca.gov/Recovery/>

California committed tax revenue to the growth and coordination of public transportation with the passage of the Mills-Alquist-Deddeh Act (SB 325) in 1971. This is called the Transportation Development Act (TDA), and represents the first legislation of its kind in the United States. The first funding source established within the Act was the Local Transportation Fund (LTF) established in 1972, deriving its revenue from ¼ cent of the general sales tax collected statewide. In 1980, a

second source of funding was established with the creation of the State Transit Assistance (STA) fund. This fund is now funded with the sales tax on diesel fuel. With the passage of the TDA, California experienced a growth in public transportation and transit services. Through the years, however, STA funding was frequently vulnerable to redirection to the General Fund, often disrupting transportation services and delaying capital projects.



Local sales taxes may be imposed by special transit districts that directly operate transit service or by county transportation commissions that allocate funding to transit service and other transportation priorities (also known-as self-help counties). Sales tax measures in self-help counties require two-thirds vote to pass and expire after twenty to thirty years.

Local general fund revenue and bonds are other forms of state and local support. Some transit agencies (e.g., Bay Area Rapid Transit District, Los Angeles County Metropolitan Transportation Authority, Caltrain Joint Powers Authority, and the North County Transit District) issue their own bonds.

Transportation Development Act Funds (TDA)

The California Transportation Development Act (TDA) provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance fund (STA). These are allocated to counties based on population, taxable sales and transit performance. Counties may use LTF for local streets and roads, if they show no unmet transit needs.

To obtain TDA funds, transit agencies must recover at least 20% of operating expenses for urban services and 10% for rural services through fares. Most agencies recover between 20% and 30%, although recovery rates range from five to 40%. Buses are more labor intensive and have lower farebox recovery, so are more costly to operate than rail. California rail agencies recover around 40%. (See Performance Measures chapter for more information on farebox recovery)

Public Transportation Account (PTA)

California's Public Transportation Account (PTA) is funded through the State Sales Tax on diesel fuel. PTA is the primary source of state transit funding for the State Transit Assistance (STA) fund, transit capital projects, and the state's intercity rail program. In recent years, the PTA expanded to fund home-to-school and regional center transportation.