

Agenda Report

TO: CITY COUNCIL

June 3, 2002

FROM: CITY MANAGER

SUBJECT: EXPANSION ALTERNATIVES FOR THE PASADENA ARTS TRANSIT SERVICE

RECOMMENDATION

It is recommended that the City Council:

1. Approve a journal voucher recognizing and appropriating \$40,000 of Reserve for Future Light Rail Projects (Prop A) funding to budget account 8115-208-763308 to prepare a Short Range Transit Plan for purposes of becoming an "included operator".

RECOMMENDATION FROM TRANSPORTATION ADVISORY COMMISSION

The Transportation Advisory Commission on April 1, 2002 approved a motion to recommend to the City Council that staff be instructed to initiate the development of a "Short Range Transit Plan" for purposes of eventually becoming an "included operator". An "included operator" is a public transit operator in Los Angeles County that is eligible to receive formula funds from the Los Angeles County Metropolitan Transportation Authority (MTA).

EXECUTIVE SUMMARY

The Transportation Advisory Commission (TAC) has recommended an operating plan for an expansion of the Pasadena Area Rapid Transit System (ARTS) that will increase service coverage from four routes to nine routes and will cost an estimated \$12.9 million to \$13.9 million annually. While TAC has reviewed a number of options for funding the proposed service expansion, it is currently recommended that additional information be developed in the form of a Short Range Transit Plan to provide a multi-year operating and funding plan. The development of this plan is one of the requirements for becoming an "included operator" under the MTA, making the City eligible for formula transit funding. The process for becoming an included operator is complex and has significant cost implications. This report examines this process and discusses the potential funding sources reviewed by TAC.

BACKGROUND

In August 2001, the City Council requested that the Department of Public Works and Transportation work with the Transportation Advisory Commission (TAC) to refine and develop cost estimates for proposed expansion plans for the Pasadena ARTS and develop a revenue plan to finance the expanded service. TAC and staff have worked with two consulting firms to complete this work. The firm of Altmayer Consulting Inc. has worked on the funding analysis and Kaku Associates has looked at the route structure and service plan alternatives for the expansion as well as an estimated cost for the expansion. Their work is shown on Attachments 1 through 4.

The Transportation Advisory Commission has evaluated the funding and service planning analysis prepared by Altmayer Consulting, Inc, and Kaku Associates. TAC has identified an expansion plan that will take the Pasadena Area Rapid Transit System (ARTS) from the existing four routes to nine routes. The estimated annual cost for the selected plan is \$12.9 to \$13.9 million. The TAC is recommending that an implementation plan, known as a "Short Range Transit Plan", be prepared that will provide a detailed multi-year operating and financial plan to support the expanded service. TAC has not taken a position on which of the potential revenue sources should be pursued; however, it is anticipated that the "Short Range Transit Plan" will help identify these alternatives.

Based on the consultant's work and evaluation of alternatives, the scope of the Short Range Transit Plan will include the following parameters:

- Service on all proposed routes will have a peak service frequency of 10 minutes and off peak service frequency of not more than 30 minutes.
- Service will be expanded to nine (9) bus routes that cover the major business and commercial districts as well as residential areas.
- Designation as an "Included Operator" will be a major element of service and funding planning. This designation, while a three-to-five year process to achieve, will provide access to a range of Federal, State and local transit funding. The long-term goal (5-7 years) will be to receive approximately 50% of funding from these outside sources.
- Additional new revenue from new sources, taxes or designations of general fund revenue will be required to support the transit expansion.

Proposed Full Expansion Plan

The Transportation Advisory Commission has identified a service plan that they support, the proposed Full Expansion Plan. The proposed Full Expansion Plan will increase service provided by the Pasadena Area Rapid Transit System (ARTS) from the existing four routes to nine routes, with all bus routes having peak hour frequency of ten minutes and an off-peak hour frequency of no more than thirty minutes (Table 1, Attachment 1, provides details of the service plan.) The estimated annual cost for the proposed service plan is \$12.9 million on the low end to \$13.9 million on the high end (see Attachment 3 for more details), with an additional \$500,000 required for capital start-up.

To finance the cost of the proposed service, the City will need to look for on-going revenue sources other than Local Return Proposition A and C funds. The City's current annual allocation of these funds for all transportation related services is approximately \$3.4 million (\$1.9 million from Proposition A and \$1.5 million from Proposition C).

Recognizing that there is no single new fund source that seems likely to support the significant cost increase over current annual costs of approximately \$2.9 million, the source of funds used by other transit operators in Los Angeles County was examined. Los Angeles County transit operators who run systems as large as the one proposed for ARTS depend on formula funding (a mixture of federal, state and regional money) supplied by the Los Angeles County Metropolitan Transportation Authority (MTA) to cover from 54 percent to 61 percent of their annual operating costs. To be eligible for this funding, a transit operator must have the status of being an "included operator". The City of Pasadena's transit program is not currently eligible for this status. To become eligible, the City would need to follow guidelines that include, in part, the following requirements:

- Have a Short Range Transit Plan approved by MTA
- Must have been in operation for at least three years
- During the same three-year period, 50 percent of the system's operating expenses must have been supported by one or more of the following funding sources: fares, city general funds, or federal FTA programs. Monies received under Local Return programs (Prop A and C) are not considered part of "city general funds".
- The municipal system is reasonably meeting a need that would otherwise not be met, and is providing a transit service that cannot be effectively provided by an operator that is currently receiving TDA assistance.

While TAC has not specified which of the potential funding sources City Council should consider, it is their recommendation that "included operator" status be pursued. The proposed Short Range Transit Plan is the first step in this process.

Attaining "included operator" status may be difficult and has broad implications for the City of Pasadena and other Los Angeles County transit operators. There is a significant financial commitment that must be made to fund the transit operation with local funds. The City would have to fund a minimum of \$12.9 million annually for a three-year period with 50 percent of this amount coming from funds other than Prop A or C Local Return.

Once the City has funded the transit program for the three-years, MTA must still make a finding that the City's transit program is meeting a need not currently being met by their bus service. This is a difficult standard to meet. The last included operator was Los Angeles Department of Transportation (LADOT) in 1991. There are a total of fifteen included operators in Los Angeles County (inclusive of MTA). There are two operators, Antelope Valley Transportation Authority and Santa Clarita Transit who are designated "eligible" operators for purpose of receiving transit formula funding from the Prop A Discretionary program. They received this designation in 1992 and 1993 respectively. The existing included operators may influence the decision, as adding a

new eligible operator will reduce the operating funds they receive. There may also be an impact on existing funding programs.

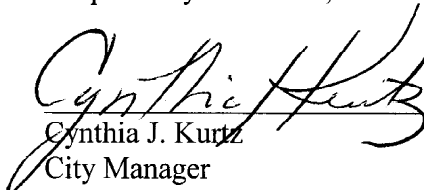
As previously noted the estimated cost for the Full Expansion service plan is \$12.9 million on the low end to \$13.9 million on the high end. For comparative purposes the proposed budget for Fiscal Year 2003 for current service is approximately \$2.9 million.

It is expected that a number of funding sources will be needed to pay for this service increase; these could include sources that the City Council can directly authorize as well as sources that would require voter approval. Potential sources are discussed in the analysis prepared by Altmayer Consulting Inc. and shown in Attachment 4.

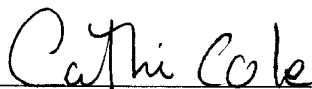
FISCAL IMPACT

Sufficient funding is available in the Light Rail Reserves for Future Projects (Prop A) for work associated with the development of a Short Range Transit Plan. The fiscal impact to place the proposed nine-route Full Expansion Plan into place is estimated at \$12.9 million to \$13.9 million annually with an additional one time start-up cost of \$500,000

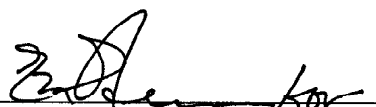
Respectfully submitted,


Cynthia J. Kurtz
City Manager

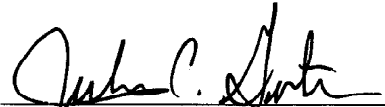
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Attachments
