

Fresno Council of Governments Public Transportation Infrastructure Study



**INFRASTRUCTURE FINANCING PLAN
PRESENTATION TO SMART GROWTH SUMMIT
MARCH 3, 2011**

Current and Future Environment for Infrastructure Investment

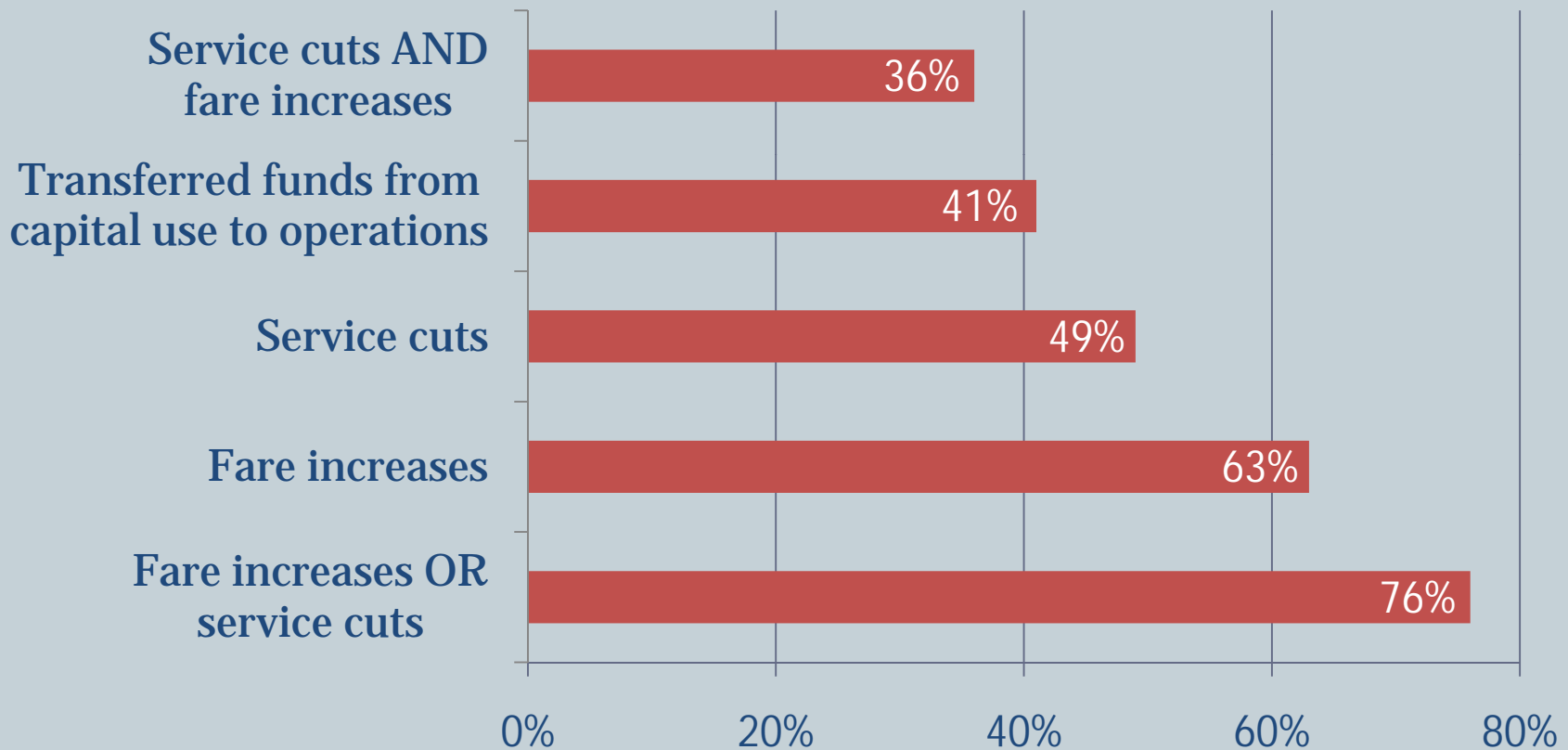


- **Current economic environment poses challenges for capital and operating funding across the country**
 - Federal funding: more stable over the near and mid-term
 - State funding: traditional transportation sources (i.e. sales and gas taxes) have been adversely affected, diverted by state for other purposes
 - Regional funding: Measure C not reaching revenue targets; FAX receiving approximately \$5 Million annually instead of projected \$9 Million
 - ✦ FAX forced to reduce budget and staff, even though ridership increased 43% from 1999-2009

Current and Future Environment for Infrastructure Investment



- **Recent Actions Taken by Transit Agencies in US**



Source: APTA Survey of 98 Transit Operators, June 2009

Current and Future Environment for Infrastructure Investment



- **Fresno challenges not confined to transit**
 - In December 2010, unemployment rate in Fresno had risen to 17.2%, much higher than the unemployment rate for California, 12.3%, and nearly double the national rate, 9.1%
- **Economic situation must improve for growth**
 - Scenarios presented based on aggressive population growth assumptions: Fresno needs housing and job growth along existing transportation corridors
 - High Speed Rail (HSR) expected to increase demand for transit in the region

Funding Capital and Operating Needs



**Revenue sources split into 2 categories based on eligible uses:
Capital and Operating**

- **Capital**

- May only be used on physical items that have a lifespan of 1+ year
- Examples: new track, new transit stations, buses, and rail cars
- With limited exceptions, capital funds not available for operating costs

- **Operating**

- Used to pay for ongoing, daily cost of operating and maintaining service
- Many operating sources eligible for use in either capital or operating purposes

Funding Capital and Operating Needs



- **Major capital investments very costly**
 - Variety of sources from all levels of government required to cover major capital investment
 - State of California has decreased, deferred or eliminated all traditional capital funding sources
 - Federal sources, i.e. New Starts, critical for capital investment
- **Operating funding more difficult to secure**
 - Number and variety of operating sources limited
 - Fare increases often looked to for revenues; however, there are limits to the increases riders will accept

Funding Capital and Operating Needs



- Fresno has near and long term need for new revenue sources and should seek them at all levels
- Potential new sources available for Fresno at regional and local level
 - Some sources require voter approval
 - ✦ Local Sales Tax: Half cent sales tax (Measure C) already in place; could be extended or added to
 - ✦ Utility Users Tax: can be used for specific or general purpose
 - ✦ Parcel Tax: flat tax on each parcel of real property
 - Other sources do not require voter approval
 - ✦ Developer Impact Fees: One time fee; requires demonstration of rational nexus; discussion of Air Quality Impact Fee



Proposed Near-Term Bus Rapid Transit (BRT) Scenario

In the near term, two BRT projects are well underway in terms of planning. All costs are in thousands in 2010\$.



	Blackstone	Ventura/Kings Canyon
Begin Revenue Operations	2013	2013
Capital Cost	\$27,870	\$23,850
Incremental O&M Cost	\$3,708	\$2,612



Proposed Mid-Term Bus Rapid Transit (BRT) Scenario

In the mid-term, a third BRT project is planned for Shaw Avenue. All costs are in thousands in 2010\$.



	Blackstone	Ventura/ Kings Canyon	Shaw
Begin Revenue Operations	2013	2013	2020
Capital Cost	\$27,870	\$23,850	\$39,750
Incremental O&M Cost	\$3,708	\$2,612	\$1,912



Proposed Long-Term Bus Rapid Transit (BRT) with upgrade to Light Rail Transit (LRT) Scenario

In the long term, if demand warrants it, it is proposed that the first two projects be converted to LRT. It is unlikely that this will be built in the next 25 years. All costs are in thousands in 2010\$.



	Blackstone LRT	Ventura/ Kings Canyon LRT	Shaw BRT
Begin Revenue Operations	2013	2013	2020
Capital Cost	\$27,870	\$23,850	\$39,750
Incremental O&M Cost	\$3,708	\$2,612	\$1,912

Project Specific Funding Plans



- **Fresno has been successful in securing Very Small Starts funding**
 - More than \$40 million secured for Blackstone and Ventura/Kings Canyon BRT
 - 20% local match from Proposition 1B funds
 - Revenue operations set to begin in 2013
- **New Starts is the most promising source for future BRT and LRT projects**
 - New Starts funding requires a 50% local match
 - FAX will be required to demonstrate financial capacity to build, operate and maintain current and planned system



Streetcar Project

This project is still in the early planning stages, without final determination of boundaries or routes. This project is on hold until the development climate in Fresno improves, in particular to coincide with the development of High Speed Rail.



Summary



- **Transit in Fresno County confronts the challenge faced by transit agencies across the nation: Funding to adequately operate and maintain the system**
 - Economic downturn has made it increasingly more difficult to operate and maintain current service levels
 - Financial strategy that includes new revenue sources needed in the very near term to ensure current transit service levels can be maintained, future expansions can be created
 - Variety of sources at Federal, State and Local levels required to accomplish vision of PTIS