



**Fresno PTIS:  
Infrastructure Financing Plan  
February 10, 2011**

The outlook for funding new transit infrastructure in Fresno exists within a larger economic and transit environment. This section of the Financing Plan places the identified infrastructure expansions within this larger context, and identifies opportunities and challenges for paying to build, operate, and maintain them. The Financing Plan includes:

- Current and future environment for transit infrastructure investment
- Potential funding sources for capital and operating needs
- Key elements of a successful financial plan
- Funding plans for specific projects
- Summary

**CURRENT AND FUTURE ENVIRONMENT FOR INFRASTRUCTURE INVESTMENT**

**Current Environment**

The situation for capital and operating transit funding in Fresno County is very challenging. Sources that traditionally fund transit capital and operating costs include sales taxes and gas taxes, and these have been adversely affected by the economic slowdown. The state of California has diverted some transportation revenues to be used for other purposes. Regional transit funds have also been affected in Fresno. In 2006 voters reauthorized the local sales tax for transportation (Measure C). Measure C was anticipated to generate \$1.7 billion over the life of the Measure. However, it is unlikely that those revenue targets will be achieved. Federal funding sources have been and are projected to be more stable over the near and mid-term.

The consequences of these revenue cutbacks can be seen by looking at the largest transit provider in the region, Fresno Area Express (FAX). When Measure C was approved, it was assumed that by FY2010, FAX would receive more than \$9 million annually in funds. The approved FY2011 budget shows that FAX is estimated to receive \$5.1 million or approximately 40 percent less than the anticipated revenue.

The consequences of the revenue shortfalls can be seen in Table 1. FAX has had to reduce its budget and staff.



<b>Table 1: FAX Budget Changes<sup>1</sup></b>			
	<b>FY2009 Actuals</b>	<b>FY2011 Approved Budget</b>	<b>Percentage Change: FY2009 to FY2011</b>
<b>FAX Operating Expenditures</b>	\$38,057,191	\$24,986,600	-34.3%
<b>Authorized Positions</b>	420.8	342.0	-18.7%

These reductions were necessary to balance the budget, even though FAX ridership grew significantly from 1999 to 2009. Revenue miles increased from 3.3 million to 4.7 million (42.9 percent) and ridership increased from 11 million to 18 million (63.8 percent) during this period.<sup>2</sup>

The challenges in Fresno extend to employment as well. In December 2010, the unemployment rate in Fresno County was 17.2 percent, up from 16.9 percent in November 2010 and higher than the 16.6 percent rate in December 2009. By comparison, in December 2010, the unadjusted unemployment rate for California was 12.3 percent, and for the nation as a whole was 9.1 percent.<sup>3</sup>

The situation faced by FAX is mirrored by transit agencies across the country. In May 2009, the American Public Transportation Association (APTA) surveyed 98 transit agency members. The responders represented more than half of the nation’s transit riders and included 10 of the top 15 agencies in terms of annual ridership<sup>4</sup>. Key survey findings include:

- More than 80 percent report flat or decreased local and/or regional funding and flat or decreased state funding.
- For those with decreased state, regional, and/or local funding, 89 percent have had to raise fares or cut service and 47 percent have had to do both.
- Half of the systems have had to eliminate staff positions.
- Of those facing decreases in either local/regional or state funds, 55 percent have transferred capital funds to support operating costs.
- Even given increased fares, service cuts, lower fuel costs, and job losses, 60 percent of the systems reported increased ridership in the first quarter of 2009 compared to the first quarter of 2008.

<sup>1</sup> FY2010-2011 Fresno City Adopted Budget

<sup>2</sup> 2011 Regional Transportation Plan, Council of Fresno County Governments.

<sup>3</sup> Data are from [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov), Unemployment Rates and Labor Force data for the Fresno County Local Area Profile.

<sup>4</sup> Challenge of State and Local Funding Constraints on Transit Systems: Effects on Service, Fares, Employment and Ridership, Survey Results, June 2009, American Public Transportation Association.



## **Future Environment**

Some of the infrastructure scenarios presented in this report are based upon aggressive assumptions about population growth. In order for this growth to occur, the economic situation must change to permit the creation of new jobs. In addition, housing and job growth would need to occur along existing transit corridors, rather than being permitted to occur in outlying low density areas.

High Speed Rail (HSR) is expected to increase the demand for transit in the region; it is not clear that this would translate into additional funding for transit service in Fresno. Final plans for HSR are not yet complete. The goal is to intensify development around HSR station sites; however, locations have not been finalized and the financial impact of increased densities is not yet known. Revenue generation opportunities may be available from impact fees and other development based revenue sources.

## **FUNDING CAPITAL AND OPERATING NEEDS**

### **Overview**

Support for public transportation is derived from a broad range of sources, many of which have been established to avoid competing with other public services. Sales taxes are the most widely used source of dedicated local and regional funding for transit.<sup>5</sup> In Fresno, approximately 20 percent of the operating budget is supported with local sales tax revenue.

Transit revenue sources are generally grouped into two categories based on eligible uses: capital and operating. Capital funds may only be used on physical items that have a lifespan of more than a year, and meet certain cost thresholds. Examples of capital expenditures are new track, new transit stations, and the acquisition of rolling stock (such as buses and rail cars). With very limited exceptions (such as federal Congestion Mitigation and Air Quality Improvement funds), capital funds cannot be used to pay for operating costs, or for maintaining assets already built or owned. Rather, only operating funds may be used to pay for the ongoing, daily cost of operating and maintaining a transit system. Many sources of operating funds are eligible for use on either operating or capital purposes.

New or expanded transit service may consist of operations expenses and/or capital expenses. For example, a service expansion that uses existing vehicles but increases hours of service would not be eligible for capital revenues. By contrast, an expansion that requires construction (i.e., creation of a dedicated bus lane as part of Bus Rapid Transit project), would be eligible for capital revenues for those elements and the increased operating costs would require operating sources of funds.

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<sup>5</sup> *Local and Regional Funding Mechanisms for Public Transportation*, TCRP Report 129, Transportation Research Board, 2009.



### **Sources and Uses of Capital and Operating Funds**

The proposed Bus Rapid Transit and Light Rail Transit investment over the next 20 years will require between \$51.7 and \$828.5 million in capital funding, and incremental operating costs are estimated to be between \$6.3 and \$18.3 million annually (in 2010 dollars). These investments are viewed within a timeframe of near terms, mid-term and long term. In that context, in the near term two of the three corridors are designed for BRT service in the near term, with a third BRT corridor in the mid-term. The first two BRTs would be converted to LRT service when demand grows to require the added capacity in the long term.

Major capital investments such as new rail lines or extensions are costly and almost always require a variety of funding sources from all levels of government. Rarely is a new fixed guideway project funded from one or two sources. Given the state of the economy, California's traditional capital funding sources have decreased or have been deferred or eliminated. Federal sources, in particular New Starts funding, remain critical for significant capital investment. The Federal Transit Administration's New Starts program is a competitive funding program for expansions to "fixed guideway" transit systems including dedicated Bus Rapid Transit. FAX submitted a proposal for Very Small Starts funding as a part of the New Starts program in September 2010 and has been selected for funding.

Funding transit operations is relatively more difficult than funding capital projects. The number and variety of sources is not as varied or plentiful, and most sources are not within the control of the transit agency. The possibility of fare increases is always considered as a potential revenue source because transit agencies directly control fares. There are limits to fare increases as riders will choose other modes of transportation if they cannot afford it or if they perceive that the fare is too high. Thus, fare increases alone cannot address significant funding gaps. In its Short Range Transit Plan, FAX projected that fare revenues would cover 19.3 percent of its operating costs from FY2010 through FY2015, or about \$9.2 million annually.<sup>6</sup> Fresno's travel model assumes that fares will increase over time, consistent with the cost of living index. However, FAX has not increased fares for several years, so fares have not been keeping up with inflation. FAX is currently working on a plan to increase fares from the current \$1.25 to \$2.00 at the end of five years.

Revenues are only one half of the financial picture. The other side of the budget equation is costs. As with transit agencies across the country, FAX has dealt with revenue shortfalls through cost cutting measures including cuts in service and driver and management staff layoffs.

Transit agencies are finding that service cuts and layoffs are not sufficient to address significant shortfalls. The underlying structural problem of costs increasing at a pace greater than revenues is getting serious attention. Some agencies have begun to implement efficiencies through better scheduling and routing, new work rules within labor contracts, revising benefits and pensions

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<sup>6</sup> *Short Range Transit Plan: 2010-2014, June 30, 2009*, prepared by the City of Fresno.



structures, and contracting for services. In the San Francisco Bay Area, the Metropolitan Transportation Commission has embarked on a Transit Sustainability Project to study the cost structure of the largest transit operators and how costs can be controlled through revisions to labor contracts, more efficient service provision, contracting out, and increasing revenues. AC Transit has recently implemented a contract with its operators that addresses many of these issues.

Transit capital and operations and maintenance have been funded from variety of federal, state, and regional/local sources in Fresno. Existing capital funds, most of which have been used in the past or are presently in use in Fresno, are summarized in Table 2. Operating and maintenance funds are summarized in Table 3. These revenues are currently fully used to operate the transit system and are unlikely to increase in the near future. More detailed descriptions of these sources, eligible uses, and potential for use on Fresno transit projects are provided in Appendices 1 and 2.

<b>Level</b>	<b>Source</b>
Federal	<ul style="list-style-type: none"> <li>• SAFETEA-LU -- Congestion Mitigation and Air Quality Improvement Program (CMAQ)</li> <li>• SAFETEA-LU -- Surface Transportation Program (STP)</li> <li>• SAFETEA-LU -- Safe Routes to School</li> <li>• FTA Section 5307 - Urbanized Area Formula Program</li> <li>• FTA Section 5309 - Bus and Bus Facilities</li> <li>• FTA Section 5309 - Fixed Guideway Modernization</li> <li>• FTA Section 5309 - New and Small Starts Program<sup>3</sup></li> <li>• FTA Section 5311 - Formula Grants for Other than Urbanized Areas</li> <li>• FTA Section 5316 - Jobs Access Reverse Commute (JARC)</li> <li>• FTA Section 5317 - New Freedom Program</li> <li>• Highway Safety Improvement Program (HSIP)</li> <li>• American Recovery and Reinvestment Act (ARRA) - Various Programs</li> </ul>
State	<ul style="list-style-type: none"> <li>• Transportation Development Act/Local Transportation Fund (LTF) - Art. 4</li> <li>• Transportation Development Act/State Transit Assistance Funds (STA)</li> <li>• Caltrans Community Based Transportation Program (CBTP)</li> </ul>



	<ul style="list-style-type: none"> <li>• Bicycle Transportation Account (BTA)</li> <li>• Safe Routes to School (SR2S)</li> <li>• STIP - RTIP</li> <li>• STIP - TE</li> <li>• Proposition 1B/Traffic Light Synchronization Program</li> <li>• Proposition 1B/Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)</li> <li>• Proposition 1B/TSSDRA</li> <li>• AB 2766 Air District Funds</li> <li>• Gas Tax Apportionments</li> <li>• AB 118 - Alternative &amp; Renewable Fuel and Vehicle Technology Program</li> </ul>
Regional/Local	<ul style="list-style-type: none"> <li>• Measure C</li> <li>• Property-Based Business Improvement District (PBID)</li> <li>• Developer Fees</li> <li>• City Sources</li> <li>• Fares</li> </ul>

<b>Table 3: Revenues Available for Transit Operations and Maintenance</b>	
<b>Level</b>	<b>Source</b>
Federal	<ul style="list-style-type: none"> <li>• SAFETEA-LU -- Congestion Mitigation and Air Quality Improvement Program (CMAQ)</li> <li>• FTA Section 5307 Urbanized Area Formula Program</li> <li>• FTA Section 5311 - Formula Grants for Other than Urbanized Areas</li> <li>• FTA Section 5317 New Freedom Program</li> </ul>
State	<ul style="list-style-type: none"> <li>• Transportation Development Act/Local Transportation Fund (LTF) - Art. 4</li> <li>• Transportation Development Act/State Transit Assistance Funds (STA)</li> </ul>
Regional/Local	<ul style="list-style-type: none"> <li>• Measure C</li> <li>• Property-Based Business Improvement District (PBID)</li> <li>• City Sources</li> <li>• Fares</li> </ul>



Given the imbalance of cost and revenue growth in transit, most agencies continue to seek new sources of revenue in addition to implementing cost control measures. Opportunities exist for new revenue sources at all levels. Reauthorization of the federal transit bill is on the horizon and transit agencies across the nation will be weighing in with their congressional delegations and industry organizations on the content of the bill. In California, the new administration has pledged to align state and local funding with responsibility for service provision. The details of how this will impact transit are not known. Additionally, SB 375 provides a structure for transit to be part of planning for a sustainable future, and future revenues may be available to support those plans. Fresno will need to be a strong advocate for federal and state initiatives benefitting the maintenance and expansion of the system.

Numerous potential new funding opportunities are available at the regional and local level. Selected sources that might be applicable to new and existing transit service in Fresno are listed in Table 4. A more detailed description of these new sources can be found in Appendix 3.

Implementing new revenue sources is time consuming and can be costly. Many sources require technical studies and long lead times for ballot initiatives. Certain sources do not require voter approval, but they do require approval by governing boards and some require approval of property owners or business owners. Potential sources should be evaluated for revenue yield, administrative and compliance costs, equity, political and public acceptance, and technical feasibility. Certain of these evaluation criteria are addressed in Appendix 3.

<b>Type</b>	<b>Potential Sources</b>
Voter Approval Required	<ul style="list-style-type: none"> <li>• Local Sales Tax</li> <li>• Utility Users Tax</li> <li>• Business Taxes (Payroll)</li> <li>• Parcel Tax</li> <li>• Local Gas Tax</li> <li>• Regional Gas Tax</li> <li>• Vehicle Miles Travelled Tax (VMT)</li> </ul>
Voter Approval Not Required	<ul style="list-style-type: none"> <li>• Parking Fees and Surcharges</li> <li>• Transient Occupancy (Hotel) Tax</li> <li>• Employer Sponsored Transit</li> <li>• Development Impact Fee</li> <li>• Benefit Assessment Districts</li> <li>• Mello-Roos Community Facilities District</li> <li>• Business Improvement Districts (BID)</li> </ul>



## KEY ELEMENTS OF A SUCCESSFUL FINANCIAL PLAN

It is not sufficient to identify potential capital and operating sources to build and operate expansion projects. A successful funding strategy will be based on sound project planning, and will require a good deal of political will. The efforts undertaken through the PTIS to identify strategies for transportation investments and land use policies provides an excellent foundation for the financial plan. Specifically, the following achievements will facilitate implementation of the financial plan:

- Transit needs have been identified and public consensus reached on transit investments
- Specific improvements, the rationale, and benefits have been identified
- Roles and responsibilities have been established. The Fresno Council of Governments and FAX are responsible for executing the planned improvements, partnering with the community and other local entities
- Policies to focus development on transit corridors create the potential for land based or development based revenues dedicated to transit

Building on these achievements, several important elements are needed to be successful in funding the program:

- Conduct a thorough evaluation of all existing and potential funding sources needed to support capital and operating requirements.
- Target likely sources of funds.
  - Building on the success of Fresno's Very Small Starts application, future Small Starts and New Starts are very likely sources.
  - A preliminary assessment of locally controlled sources indicates that an expansion of the existing Development Impact Fee program could address a variety of transit needs. A nexus study is required to make transit costs eligible for Development Impact Fees.
  - Consider a parcel tax or utility tax dedicated to transit.
- Monitor existing traditional transit sources and non-traditional sources for funding availability. Position the projects and services to take advantage of funding opportunities as they become available.
- Design and execute an advocacy strategy including:
  - Identification of champions and community leaders for the plan
  - Support from elected officials at all levels
  - Creation of coalitions of opinion leaders, stakeholders, and citizens
  - Financial support for technical studies, polling, and campaigns
  - Preparation of public education materials
  - Presentations to the media and the public
- Establish a timetable for achieving milestones on the path to full funding.



- Persist in the effort to raise new revenues. It may take longer than expected.
- Ensure that technical requirements are met. The projects must be included in regional planning documents.
- Advance project development, including both federal and California (NEPA/CEQA) environmental clearance. Project readiness is essential to take advantage of funding that becomes available unexpectedly. Project readiness is a competitive advantage.
- Stabilize and maintain existing transit service. Controlling costs and seeking new revenues to maintain the core system is essential to any expansion strategy. Financial sustainability of the system is evaluated in the New Starts rating process and it is important to the public. It is difficult to have successful ballot measures while service is being cut.

## **PROJECT SPECIFIC FUNDING PLANS**

The previous sections presented an overview of the universe of opportunities to address operating and capital needs for projects and defined the elements of a successful financial plan for Fresno. This section focuses on the specific infrastructure investments under consideration in Fresno and how those projects might be funded.

The timing of the projects varies, depending on estimates regarding population growth, demand for transit, and funding. The timeframes can be characterized as near term, mid-term, and long term. Each is considered separately, as a standalone scenario.

In the near term, two Bus Rapid Transit (BRT) projects are well underway in terms of planning, with revenue ready dates of 2013. In the mid-term, a third BRT project is planned for to be revenue ready in 2020. Finally, in the longer term, the Light Rail Transit (LRT) projects are planned to replace the Blackstone and Ventura/Kings Canyon BRT projects when demand grows in those corridors. If demand warrants, they are expected to be in service in 2030. Their implementation is dependent on significant population growth, focused on the BRT corridors.

For significant capital investments in transit, the federal New Starts Program continues to be the likely source from which to seek funding. In September 2010, FAX prepared a Very Small Starts Submittal Request to Enter Project Development for Blackstone and Ventura/Kings Canyon BRT. Financial plans include 80 percent New Starts funding with a 20 percent match from state Proposition 1B funds these two projects. FAX proposes to cover operating costs with existing operating revenues, plus new or increased revenues that can be used in support of operating costs. The net, combined annual cost of operating both services is projected to be \$6,320,340. The net cost reflects the fact that there will be some operating savings as well, since this service will replace existing service. It should be noted that the operating cost of \$6.3 million annually represents 25 percent of FAX's total FY2011 Adopted Expenditure budget.



For the near term scenarios, a summary of the two BRT projects currently planned, and their funding plans can be seen in Table 5.

<b>Table 5: Proposed Near Term Bus Rapid Transit (BRT) Scenario</b>	
<b>Blackstone BRT</b>	
Description	Service along Blackstone Ave. from Audubon Dr. South to Downtown Fresno
Length	9.29 miles
Begin Revenue Operations	2013
Capital Cost (2010 \$)	\$27,870,000
Capital Revenues	\$22,296,000 – Very Small Starts Funding (New Starts) \$5,574,000 – California Prop 1B funds
Incremental O&M Cost (2010 \$)	\$3,707,959
<b>Ventura/Kings Canyon BRT</b>	
Description	Service along Ventura Ave/Kings Canyon Rd from Downtown Fresno east to Southeast Growth Area (SEGA)
Length	7.95 miles
Begin Revenue Operations	2013
Capital Cost (2010 \$)	\$23,850,000
Capital Revenues	\$19,080,000 – Very Small Starts Funding (New Starts) \$4,770,000 -- California Prop 1B funds
Incremental O&M Cost (2010 \$)	\$2,612,381
Note: Cost estimates used are that of 2035 Constrained TOD with Exclusive Lanes scenario	

In the mid-term, a third BRT project is planned for Shaw Avenue. This project is planned to begin revenue service in 2020. Because this project is nine years in the future, the financing plan is more general. It is assumed that the New Starts program will still be in existence with a similar structure, or that it will have been replaced by a program that is very similar. The Shaw BRT project fits within the Small Starts Program, as the total cost is less than \$250 million and the federal funding requested is less than \$75 million. Even when costs are inflated to Year of Expenditure, it should still qualify for Small Starts. For preliminary planning purposes, 80



percent federal New Starts funding is assumed. FAX would need to identify match funds, which are almost \$8.0 million in 2010 dollars.

For the mid-term scenario, a summary of the three BRT projects and their funding plans can be seen in Table 6.

<b>Table 6: Proposed Mid-Term Bus Rapid Transit (BRT) Scenario</b>	
<b>Blackstone BRT</b>	
Description	Service along Blackstone Ave. from Audubon Dr. South to Downtown Fresno
Length	9.29 miles
Begin Revenue Operations	2013
Capital Cost (2010 \$)	\$27,870,000
Capital Revenues	\$22,296,000 – Very Small Starts Funding (New Starts) \$5,574,000 – California Prop 1B funds
Incremental O&M Cost (2010 \$)	\$3,707,959
<b>Ventura/Kings Canyon BRT</b>	
Description	Service along Ventura Ave/Kings Canyon Rd from Downtown Fresno east to Southeast Growth Area (SEGA)
Length	7.95 miles
Begin Revenue Operations	2013
Capital Cost (2010 \$)	\$23,850,000
Capital Revenues	\$19,080,000 – Very Small Starts Funding (New Starts) \$4,770,000 -- California Prop 1B funds
Incremental O&M Cost (2010 \$)	\$2,612,381



<b>Shaw BRT</b>	
Description	BRT Service along Shaw Ave and SR 168 from SR 99 east to SR 168 at Temperance Ave
Length	13.25 miles
Begin Revenue Operations	2020
Capital Cost (2010 \$)	\$39,750,000
Capital Revenues	\$31,800,000 – Small Starts Funding (New Starts) \$7,950,000 -- Local, regional, or state funds
Incremental O&M Cost (2010 \$)	\$1,912,368
Note: Cost estimates used are that of 2035 Constrained TOD with Exclusive Lanes scenario	

In the long term, if demand warrants it, it is proposed that the first two BRT projects be converted to LRT, an expensive capital investment. Projects that exceed the thresholds for Small Starts can participate in the New Starts program. One of the features of this larger program is the need to match the New Starts funding dollar for dollar. The two LRT projects that are proposed to replace the Blackstone and Ventura/Kings Canyon BRT in 2030 fall under the New Starts heading, and would require a 50 percent local match. It should be noted that residential and employment densities would need to exceed those in the Full Buildout TOD scenario in order to justify the investment of LRT. It is unlikely that these densities will be surpassed; consequently LRT is unlikely to be built in the next 25 years. Because these projects would not be built in the near future, it is difficult to identify the sources that would comprise the matching funds. The local match for the LRT projects totals more than \$368 million in 2010 dollars. By the time these projects are in operation, new capital and operating revenue sources will be required. For the long term scenario, a summary of the LRT projects and funding plans, with LRT replacing BRT on two of the three corridors, is shown in Table 7.



**Table 7: Proposed Long Term Bus Rapid Transit (BRT)  
with upgrade to Light Rail Transit (LRT) Scenario**

<b>Blackstone LRT</b>	
Description	Service along Blackstone Ave from Audubon Dr. South to Downtown Fresno
Length	9.29 miles
Begin Revenue Operations	2030
Capital Cost (2010 \$)	\$464,500,000
Capital Revenues	\$232,250,000 -- New Starts Funding \$232,250,000 -- Local, regional, and/or state funds
Incremental O&M Cost (2010 \$)	\$8,638,495
<b>Ventura/Kings Canyon LRT</b>	
Description	LRT Service along Ventura Ave/Kings Canyon Rd from Downtown Fresno east to Clovis Ave
Length	7.95 miles
Begin Revenue Operations	2030
Capital Cost (2010 \$)	\$272,500,000
Capital Revenues	\$136,250,000 -- New Starts Funding \$136,250,000 -- Local, regional, and/or state funds
Incremental O&M Cost (2010 \$)	\$6,446,471
<b>Shaw BRT</b>	
Description	BRT Service along Shaw Ave and SR 168 from SR 99 east to SR 168 at Temperance Ave
Length	13.25 miles
Begin Revenue Operations	2020
Capital Cost (2010 \$)	\$39,750,000
Capital Revenues	\$31,800,000 – Small Starts Funding (New Starts) \$7,950,000 -- Local, regional, or state funds
Incremental O&M Cost (2010 \$)	\$3,245,400
Note: Cost estimates used are that of 2035 Full Buildout TOD with Exclusive Lanes scenario	



Because the funding plans for all of the BRT and LRT projects include New Starts funding, it will be important for Fresno to plan for continued participation in the Small Starts portion of the program for BRT projects and to prepare for the more rigorous evaluation and analysis required under the full New Starts process for LRT projects. FAX's experience in the Very Small Starts program provides a good background for pursuing future New Starts funding.

The New Starts planning and development process is a very detailed, proscribed series of analyses and milestones undertaken by the project sponsor and the FTA together, and can take several years to complete, depending on the complexity of the project and its finances.

The New Starts project development process follows Federal statutory requirements, including coordination with local and regional planning efforts, technical evaluations using standardized methodologies in an effort to "level the playing field" for all New Starts projects, and regular coordination and review by FTA. Based on the results of the technical analyses – including an extensive review of the financial condition of the project and the project sponsor – FTA must approve the project to enter into Preliminary Engineering and Final Design. Upon approved entry into Final Design, FTA may enter into a multi-year commitment to fund a portion of the project's construction, referred to as a full funding grant agreement.

The ongoing technical analyses and updates provide FTA with data for evaluating the project readiness against several mandated criteria including project cost effectiveness, transit supportiveness of existing and future land uses, and the local financial commitment. Additional requirements include assurance that the cost and benefit analyses are reliable, and that the project sponsor has the financial and technical capacity to design, build, operate and maintain the project both within budget and schedule. Projects in the New Starts pipeline are required to conduct more extensive technical analyses than those not funded by New Starts.

FAX will need to demonstrate the financial capacity to operate and maintain the service, once it is built. Given the current fiscal realities, new funding sources and innovative service delivery options are needed in the next few years to help achieve financial stability and to demonstrate future financial capacity as required by FTA.

### **Streetcar Project**

There have been discussions about building and operating a streetcar in downtown Fresno. This project is still in the early planning stages, without final determination of boundaries or routes. As those details are evaluated and finalized, a funding plan can be developed.



## **SUMMARY**

Transit in Fresno County faces the challenge faced by transit agencies across the nation, namely operating and maintaining current service levels. A financial strategy is needed in the very near term to ensure that current transit service levels can be maintained and that future expansions are affordable. A variety of funding sources will be required to accomplish the vision set out in the PTIS. Initiating the development of a strategy now will help realize the funding needed over the next 20 years.



## Appendix 1

**Fresno PTIS Study**  
**Existing Capital Funding Sources**  
**Prepared by Nancy Whelan Consulting**  
**Tuesday, February 1, 2011**

Name	Source	Administered by	Supports	Who May Apply?	Potentially Eligible Capital Elements <sup>1</sup>	REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)	Potentially Available for BRT/LRT Projects?
<b>FEDERAL<sup>2</sup></b>							
SAFETEA-LU -- Congestion Mitigation and Air Quality Improvement Program (CMAQ)	Federal Highway Administration (FHWA)/Federal Transit Administration (FTA)	Fresno Council of Governments (COG)	Improved air quality through support of transit capital, operating expenses for first three years of new transit services, and bicycle and pedestrian facilities.	State Departments of Transportation (DOTs), Metropolitan Planning Organizations (MPOs), transit agencies	Transit Capital Construction, Roadway Construction, Train-sets	\$11,361,456	Yes
SAFETEA-LU -- Surface Transportation Program (STP)	FHWA/FTA	Fresno COG	For projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities.	State DOT's, MPOs, transit agencies	Transit Capital Construction, Roadway Construction, Train-sets		Yes
SAFETEA-LU -- Safe Routes to School	FHWA	Caltrans	For infrastructure related projects: planning, design, and construction of projects that substantially improve the ability of students to walk and bicycle to school. Must be within approximately 2 miles of a school.	State, local, and regional entities; nonprofits; schools.	Roadway Construction, to the extent that it affects routes to schools	\$586,000	Eligible; not competitive
FTA Section 5307 Urbanized Area Formula Program	FTA	Fresno COG	In general, large urbanized area formula funds are targeted for transit capital purposes; limited amounts may be used for preventive maintenance.	Governors, responsible local officials and publicly owned operators of transit services	Transit Capital Construction, Roadway Construction, Train-sets	\$12,372,000	Will continue to use for operating support
FTA Section 5309 - Bus and Bus Facilities	FTA	Fresno COG	Provides capital assistance for new and replacement buses, related equipment, and facilities.	Distributed to regions on an urbanized area formula.	Transit Capital Construction, Train-sets	\$1 million	Yes; funds are limited
FTA Section 5309 - Fixed Guideway Modernization	FTA	FTA	Renovation of older transit systems ensuring that as Federal New Starts projects age, they can be modernized	Distributed to regions on an urbanized area formula.	Transit Capital Construction, Roadway Construction, related to improvements after fixed guideway is operational	Varies	Yes, once have fixed guideway miles. May be used for capital improvements for any part of fixed guideways.
FTA Section 5309 New and Small Starts Program <sup>3</sup>	FTA	FTA	Light rail, rapid rail, commuter rail, automated fixed guideway systems, or a busway/high occupancy vehicle (HOV) facility, or an extension of any of these.	Discretionary or earmark.	Transit Capital Construction, Roadway Construction, Train-sets	Varies	Yes
FTA Section 5311 - Formula Grants for Other than Urbanized Areas	FTA	Fresno COG	Capital projects; operating costs of equipment and facilities for use in transit; and the acquisition of transit services, including service agreements with private providers of public transportation services, for projects that meet the needs of rural communities	Distributed to regions on an urbanized area formula.	Transit Capital Construction, Train-sets, Operating expenses		No; supports rural transit

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Prepared by Nancy Whelan Consulting  
Tuesday, February 1, 2011**

Name	Source	Administered by	Supports	Who May Apply?	Potentially Eligible Capital Elements <sup>1</sup>	REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)	Potentially Available for BRT/LRT Projects?
FTA Section 5316 Jobs Access Reverse Commute (JARC)	FTA	Fresno COG	Capital, planning and operating expenses for projects that transport low income individuals to and from jobs and activities related to employment, and for reverse commute projects.	States and public bodies	Transit Capital Construction, Roadway Construction, Train-sets, Eligible if streetcar connects to Mass Transit	\$381,000	Yes
FTA Section 5317 New Freedom Program	FHWA/FTA	Fresno COG	Transportation services directed to elderly and disabled that go beyond those required by the Americans with Disabilities Act (ADA).	Public agencies and nonprofits.	Capital and operating expenses in stations for services and alternatives beyond ADA requirements	\$86,000	Yes; limited application
Transit Security Funds	FEMA						Yes
Highway Safety Improvement Program (HSIP)	FHWA	Caltrans	Safety improvements for railway-highway crossings	Local agencies	Construction elements related to railway-highway crossings	\$1,440,000	No
American Recovery and Reinvestment Act (ARRA) - Various Programs	Department of Transportation (DOT)	Various Agencies: FHWA, FTA, Federal Railroad Administration (FRA), Dept. of Housing and Urban Development (HUD), Environmental Protection Agency (EPA)	Immediate implementation of highway, transit, streets and roads projects	Various Agencies: cities, counties, Caltrans	Transit Capital Construction, Roadway Construction, Train-sets	Varies	No

**STATE**

Transportation Development Act/Local Transportation Fund (LTF) - Art. 4	State Sales Tax/Gasoline Tax revenues	Counties, Transit Agencies	Capital and operating expenses.	Cities, counties, transit operators, transit districts	Transit Capital Construction, Roadway Construction, Train-sets	\$28,000,000	Yes; normally used for operating funds
Transportation Development Act/State Transit Assistance Funds (STA)	State Sales Tax/Gasoline Tax revenues	Fresno COG	Capital and operating expenses.	Cities, counties, transit operators, transit districts	Transit Capital Construction, Roadway Construction, Train-sets		Yes; normally used for operating funds
Caltrans Community Based Transportation Program (CBTP)	State	Caltrans	Transportation Planning Grant funds are available for planning projects that improve mobility and lead to the planning, programming, and implementation of transportation improvement projects.	MPOs, Regional Transportation Planning Agencies (RTPAs), cities, counties, transit agencies, federally-recognized Native American Tribal Governments	Funds available for project planning.		No

**Fresno PTIS Study  
Existing Capital Funding Sources  
Prepared by Nancy Whelan Consulting  
Tuesday, February 1, 2011**

<b>Name</b>	<b>Source</b>	<b>Administered by</b>	<b>Supports</b>	<b>Who May Apply?</b>	<b>Potentially Eligible Capital Elements<sup>1</sup></b>	<b>REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)</b>	<b>Potentially Available for BRT/LRT Projects?</b>
Bicycle Transportation Account (BTA)	Highway User's Tax Account (HUTA), Transportation Tax Fund	Caltrans	Improve safety and convenience for bicycle commuters.	City and County projects.	Must prepare bicycle transportation plan, only for construction elements related to bicycle safety (bike lanes, etc.)		No
Safe Routes to School (SR2S)	State	Caltrans	Infrastructure projects that improve safety and efforts that promote walking and bicycling, within two miles of a school.	Cities and counties.	Roadway construction, to the extent that it affects routes to schools		City may apply; not very competitive
STIP - RTIP	State Highway Funds	CMAs/CTC	Local transportation projects programmed at the county level.	Local agencies.	Transit Capital Construction, Roadway Construction, Train-sets		Yes; fully programmed for other purposes
STIP - TE	State Highway Funds	CMAs/CTC	Enhancement activities include pedestrian and bicycle facility improvements, landscaping, scenic beautification.	Local agencies.	Roadway construction and stations as they relate to bike lanes and pedestrian pathways		yes; limited applications
Proposition 1B/Traffic Light Synchronization Program	Bond proceeds.	Caltrans	Traffic light synchronization projects or other technology based improvements to improve safety, operations, and the effective capacity of local streets and roads.	Cities, Counties and regional agencies	Roadway construction, as it relates to traffic light synchronization		Yes
Proposition 1B/Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)	Bond proceeds.	Caltrans	Funds available for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement.	Transit operators and local agencies	Transit Capital Construction, Roadway Construction		Yes; already programmed for first two BRT projects
Proposition 1B/Transit Security Grant Program -- California Transit Assistance Fund	Bond proceeds.	California Office of Homeland Security	Security improvements for transit capital projects	Transit operators	Security improvements		Yes
AB 2766 Funds	Vehicle Registration Fee	California EPA Air Resources Board	Fees to support programs that reduce air pollution from motor vehicles	Cities and counties.	Efforts that reduce air pollution	\$19.2 million	Possibly in the future; currently programmed; generally used for
Gas Tax Apportionments	State Gas Tax	Fresno COG	Direct apportionments from the state for streets and roads purposes	Cities and counties.	Roadway Construction		No; programmed for other purposes

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Name	Source	Administered by	Supports	Who May Apply?	Potentially Eligible Capital Elements <sup>1</sup>	REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)	Potentially Available for BRT/LRT Projects?
AB 118 - Alternative & Renewable Fuel and Vehicle Technology Program	State	California Energy Commission	Innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies	Public agencies, private businesses, public-private partnerships, vehicle and technology consortia, fleet owners	Train-sets, as they support reduction of air pollution		TBD
AB 2522	Vehicle Registration Fee	Air District	Used to pay federal penalty associated with failure to comply with Clean Air Act.	Public agencies	Projects that reduce emissions	\$29 million	Yes in future; currently programmed for other purposes

**REGIONAL/LOCAL**

Measure C	Regional sales tax	Fresno County Transportation Authority	Improvement of roads and transportation in Fresno county	Local agencies	Transit Capital Construction, Roadway Construction, Train-sets	\$39,032,160	Yes; currently fully programmed. Possible future use of New Technology Reserve
Property-Based Business Improvement District (PBID)	Property owners	Fresno COG	Downtown improvements and services	Those who provide services and improvements to downtown			Newly formed; no transit included in eligible expenditures
Developer Fees	Developers		Public facilities necessitated by new development				Possibly; requires nexus study to include transit
City Sources	General fund monies for street purposes						Currently fully programmed
Advanced Emission Reduction Options (AERO)	Fees paid if can't meet emission reduction goals	Air District	Alternative reduction emission programs	Public agencies	Vehicle purchases	\$5 million	Yes

**NOTES**

<sup>1</sup> Transit capital construction elements include track construction, power and systems elements, utility relocation elements, stations, and maintenance and storage facilities

<sup>2</sup> Federal Funding: In order to receive federal funding, the project must be in the Transportation Improvement Program (TIP)/Federal Transportation Improvement Program (FTIP)



## Appendix 2

**Fresno PTIS Study**  
**Existing Operating and Maintenance Funding Sources**  
**Prepared by Nancy Whelan Consulting**  
**Tuesday, February 1, 2011**

Name	Source	Administered by	Supports	Who May Apply?	REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)	Potentially Available for BRT/LRT Projects?
<b>FEDERAL<sup>1</sup></b>						
SAFETEA-LU -- Congestion Mitigation and Air Quality Improvement Program (CMAQ)	Federal Highway Administration (FHWA)/Federal Transit Administration (FTA)	Fresno Council of Governments (COG)	Improved air quality through support of transit capital, operating expenses for first three years of new transit services, and bicycle and pedestrian facilities.	State Departments of Transportation (DOTs), Metropolitan Planning Organizations (MPOs), transit agencies	\$11,361,456	Yes
FTA Section 5307 Urbanized Area Formula Program	FTA	Fresno COG	In general, large urbanized area formula funds are targeted for transit capital purposes; limited amounts may be used for preventive maintenance.	Governors, responsible local officials and publicly owned operators of transit services	\$12,372,000	Yes
FTA Section 5311 - Formula Grants for Other than Urbanized Areas	FTA	Fresno COG	Capital projects; operating costs of equipment and facilities for use in transit; and the acquisition of transit services, including service agreements with private providers of public transportation services, for projects that meet the needs of rural communities	Distributed to regions on an urbanized area formula.		No; supports rural transit projects
FTA Section 5317 New Freedom Program	FHWA/FTA	Fresno COG	Transportation services directed to elderly and disabled that go beyond those required by the Americans with Disabilities Act (ADA).	Public agencies and nonprofits.	\$86,000	Yes; limited application
<b>STATE</b>						
Transportation Development Act/Local Transportation Fund (LTF) - Art. 4	State Sales Tax/Gasoline Tax revenues	Counties, Transit Agencies	Capital and operating expenses.	Cities, counties, transit operators, transit districts	\$28,000,000	Yes

**Fresno PTIS Study**  
**Existing Operating and Maintenance Funding Sources**  
**Prepared by Nancy Whelan Consulting**  
**Tuesday, February 1, 2011**

Name	Source	Administered by	Supports	Who May Apply?	REGIONAL Annual Funding Estimate (where known; from 2011 Fresno RTP)	Potentially Available for BRT/LRT Projects?
Transportation Development Act/State Transit Assistance Funds (STA)	State Sales Tax/Gasoline Tax revenues	Fresno COG	Capital and operating expenses.	Cities, counties, transit operators, transit districts		Yes
<b>REGIONAL/LOCAL</b>						
Measure C	Regional sales tax	Fresno County Transportation Authority	Improvement of roads and transportation in Fresno county	Local agencies	\$39,032,160	Yes; currently fully programmed. Possible future use of New Technology Reserve and Rail Consolidation funds.
Property-Based Business Improvement District (PBID)	Property owners	Fresno COG	Downtown improvements and services	Those who provide services and improvements to downtown		Newly formed; no transit included in eligible expenditures
City Sources	General fund monies for street purposes					Fully programmed

**NOTES**

1 Federal Funding: In order to receive federal funding, the project must be in the Transportation Improvement Program (TIP)/Federal Transportation Improvement Program (FTIP)



## Appendix 3

## POTENTIAL NEW REVENUE SOURCES FOR FRESNO TRANSIT PROJECTS

Prepared by Nancy Whelan Consulting

February 3, 2011

Source	Description	Capital or Operating Expenditure Eligibility	Legal/ Legislative Requirements	Voter Approvals Required	Revenue Stability	Ease of Administration and Collection	Implementation Experience
<b>Local Sales Tax</b>	An incremental addition to County/local sales for transportation	Both	Requires governing Board to approve a ballot measure to be submitted for voter approval	Approval by two thirds of the electorate	Medium	High	Half Cent Sales tax measure (Measure C) in place in Fresno since 2006; most counties in California
<b>Utility Users Tax</b>	Tax imposed on utility services to be used for a specific or general purpose	Both	Requires governing Board to approve a ballot measure to be submitted for voter approval	Approval by two thirds of the electorate if dedicated to specific use, such as transit	High	High	Pullman, Washington
<b>Business Taxes (Payroll)</b>	A local payroll tax imposed through employer withholding	Both	Requires the Board of Supervisors to approve a ballot measure to be submitted for voter approval	Majority vote of the electorate if general tax. Two thirds approval required if dedicated (special tax).	Medium	Medium	San Francisco
<b>Parcel Tax</b>	Flat tax on each parcel of real property.	Both	Requires governing Board to approve a ballot measure to be submitted for voter approval	Approval by two thirds vote of the electorate	High	High	Cities and counties throughout California; AC Transit in Alameda and Contra Costa Counties
<b>Employer Sponsored</b>	Employers participate	Both	None	None	Low	Low	San Mateo, San Francisco, and

Source	Description	Capital or Operating Expenditure Eligibility	Legal/ Legislative Requirements	Voter Approvals Required	Revenue Stability	Ease of Administration and Collection	Implementation Experience
<b>Transit</b>	financially in the transit service serving their business.						Alameda Counties
<b>Local Gas Tax</b>	Tax imposed on each gallon of gas sold in local community	Both	Governing Board must approve ballot initiative.	Two thirds vote of the electorate.	Low	Medium	None known
<b>Regional Gas Tax</b>	Tax imposed on each gallon of gas sold in the region	Both	Governing Boards of any communities in the region affected must approve ballot initiative	Approval by two thirds of the region's electorate	Medium	Medium	None known
<b>Parking Fees and Surcharges</b>	Local government imposed fee or surcharge on on-street and garage parking, usually metered	Both	Governing Board approval	None	Medium	High	Most California cities, including Fresno; revenue dedicated to transit in San Francisco
<b>Transient Occupancy (Hotel) Tax</b>	Tax imposed on hotel users by local government	Both	Governing Board approval	None	Low	High	Most California cities, including Fresno
<b>Vehicle Miles Travelled Tax (VMT)</b>	Tax on automobile miles travelled	Both	Likely to require state enabling legislation and Governing Board approval of ballot initiative.	Two thirds vote of the electorate.	Medium	Low	Oregon pilot project
<b>Development</b>	One- time fee	Capital	State law requires	None	Low	Low	Cities and counties

Source	Description	Capital or Operating Expenditure Eligibility	Legal/ Legislative Requirements	Voter Approvals Required	Revenue Stability	Ease of Administration and Collection	Implementation Experience
<b>Impact Fee</b>	charged on new development.		demonstration of a direct nexus between the fee charges and the impact improvements funded. Approval by governing Board required.				throughout California. Only San Francisco specific to transit.
<b>Benefit Assessment Districts</b>	An assessment on properties within a defined area; the assessment is related to the amount of benefit that the property receives.	Both	Local government to determine funding needs and establish boundaries.	Property owners within the district must approve. A majority of the weighted ballots exceed the weighted ballots opposing the creation of the district.	Low	Medium	Cities and counties throughout California. Los Angeles specific to transit.
<b>Mello-Roos Community Facilities District</b>	Tax on properties within a defined area to fund public improvements within that district.	Capital	Local government establishes boundaries and sets rate.	Two-thirds majority vote of property owners within the proposed boundaries of the district.	Low	Medium	Cities and counties throughout California
<b>Business Improvement Districts (BID)</b>	Assessment district in which business owners choose to be assessed a fee,	Both	Governing Board approves creation of the district	A majority of business owners may protest the formation of the BID.	Low	Medium	Cities and counties throughout California. Emeryville specific to transit.

Source	Description	Capital or Operating Expenditure Eligibility	Legal/ Legislative Requirements	Voter Approvals Required	Revenue Stability	Ease of Administration and Collection	Implementation Experience
	which is collected on their behalf by the City, for use in improving the business in the area						