



santa barbara county association of governments

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STAFF REPORT

SUBJECT: Clean Air Express Measure D Expenditure Plan Amendment

MEETING DATE: March 17, 2005

AGENDA ITEM: 7A

RECOMMENDATION:

Approve an amendment to the Measure D expenditure plan that allocates \$282,000 of Regional Measure D funds to be used to fill the FY2004-05 and FY 2005-06 Clean Air Express budget shortfall.

(Note: Approval requires 9 affirmative votes)

SUMMARY:

At the February 17, 2005 SBCAG Board meeting, staff presented the Clean Air Express financial status report that projects a budget shortfall of \$124,241 this fiscal year and \$157,695 next fiscal year (a total shortfall of \$281,936). The projected budget shortfall is a result of lower APCD operating subsidies and higher fuel and insurance costs. The board unanimously approved a motion authorizing the use of Regional Measure D funds to fill the impending budget shortfall. The board directed staff to prepare an amendment to the Measure D Expenditure Plan that allocates \$282,000 of Regional Measure D funds to be used to fill the FY 2004-05 and FY 2005-06 Clean Air Express budget shortfall. Amending the Measure D expenditure plan as recommended will require a two-thirds majority approval by the entire SBCAG board (9 affirmative votes).

DISCUSSION:

The Clean Air Express is a commuter bus service offering a total of 10 routes from Lompoc and Santa Maria to Goleta and Santa Barbara. Since 1992, the Clean Air Express has met a growing demand of commuters traveling from North County to the South Coast. Last year, the Clean Air Express carried 113,000 passengers and removed 6.3 million vehicle miles traveled (VMT) from our highways. The Clean Air Express currently enjoys the highest farebox recovery ratio (63%) and the second lowest subsidy per passenger (\$2.63 per passenger) in the County.

SBCAG does not have access to traditional sources of transit funding. Historically, the program has relied on a combination of farebox revenue and APCD operating subsidies to operate. Although CMAQ funds are currently being used to help fund three expansion routes, the seven original routes rely on farebox and APCD operating funds to operate. APCD funds were cut in half this fiscal year. While revenue sources decreased this year, fuel costs and insurance costs have increased for the Clean Air Express program. Staff projects that the Clean Air Express will experience a budget shortfall of \$124,241 this fiscal year and \$157,695 next fiscal year (a total shortfall of \$281,936). SBCAG has identified cost cutting measures such as purchasing fuel through the MTD, and has requested consideration of additional funding from the APCD, UCSB,

and the cities of Santa Barbara, Santa Maria, Goleta and Lompoc. These measures, if approved could assist in reducing the budget shortfall, but would only cover a small portion of the overall projected shortfall.

At the February 17, 2005 Board meeting, staff presented several sources of funding that could be used to fill the budget shortfall. After considering these options, the Board unanimously recommended that Regional Measure D funds be used to fill the FY04-05 and FY05-06 budget shortfall. Regional Measure D funds were preferred over other funding sources to minimize the impact on other transportation projects in the county. Using Regional Measure D funds is also consistent with the Measure D expenditure plan that includes funding for the VISTA Coastal Express. Adding the Clean Air Express to the regional program will require an amendment to the Measure D expenditure plan which requires a two-thirds majority approval of the SBCAG Board.

Clean Air Express Transit Plan:

The recommended Measure D expenditure plan amendment will resolve the short term budget shortfall, however, there are several long-term operating issues still facing the Clean Air Express program. Issues such as: operating policies and procedures, marketing efforts, performance standards, long-term management of the Clean Air Express program (i.e. who should manage the service, SBCAG, MTD, SMAT, COLT?), long term funding needs, and the need for better coordination with the other intercommunity transit services planned for North County. These issues will be discussed in the Clean Air Express Transit Plan which is under development and scheduled for approval by the SBCAG Board this year.

At the February 17, 2005 Board meeting, there were inquiries about the administrative costs associated with the operation of the Clean Air Express. Under the current operating contract with Santa Barbara Airbus, the contractor is responsible for the day to day bus operations and maintenance of the Clean Air Express buses. SBCAG staff's administrative responsibilities include fare collection, customer service, marketing, route/schedule planning, budgeting, operator contract management, bus procurement activities and federal grant administration. This contracting format differs from the "cost-plus" operator contract managed under APCD from 1992-2001, in which all Clean Air Express responsibilities were included and paid for under the bus operator contract. A "cost plus" contract format was selected by the APCD in order to comply with regulations that prevent Air Quality Districts from operating transit services. Furthermore, under the APCD, no Federal operating funds were used for the program. The current Clean Air Express program uses Federal operating funds which require that SBCAG comply with numerous federal transit contracting and operating regulations.

When management of the Clean Air Express was transferred from the APCD to SBCAG, one full time SBCAG staff member was hired to assume these responsibilities. Additional Traffic Solutions staff time (approximately .25 FTE) and SBCAG accounting and administrative staff time has also been assigned to the program to assist with contract management, bus procurement and federal compliance. This year, staff administrative costs account for approximately 15% (\$141,900) of the total projected Clean Air Express operating expenditures. As a reasonableness check, staff has gathered operating costs from MTD, SMAT, Golden Gate Transit and the National Transit Database, to determine if the Clean Air Express administrative costs are in-line with other transit operations. Based on the information gathered, typical transit administrative costs tend to range from 10% to 20%.

SBCAG incurs costs for administrative overhead to perform necessary functions as outlined previously. If these functions were not performed by SBCAG, they would need to be contracted out and their costs would be reflected in higher contract rates.

In the Clean Air Express Transit Plan, SBCAG staff will consider operating strategies that could reduce the overall cost of the Clean Air Express program, such as, operating efficiencies gained by transferring the management of the program to one of other transit operators in the county, or by contracting out some of the administrative responsibilities. These options will be presented to the Board as part of the Clean Air Express Transit Plan later this year.

STAFF CONTACT: Kent Epperson, Scott Spaulding

COMMITTEE REVIEW: Ad Hoc North County Transit Funding Committee, TTAC and North County Subregional Committee.