

<b>SHASTA COUNTY RTPA POLICY AND PROCEDURE MANUAL</b>		Number
		6-4
SECTION: TDA Guidelines & Procedures	Policy to Determine Qualifying Criteria for State Transit Assistance Funding to Transit Operators	
APPROVAL DATE: October 27, 1998		
Page No. 1 of 2		

**PROCEDURES TO DETERMINE  
OPERATORS' QUALIFYING CRITERIA FOR STATE TRANSIT ASSISTANCE IN  
ACCORDANCE WITH THE  
PUBLIC UTILITIES CODE, SECTION 99314.6**

**BACKGROUND**

State Transit Assistance operating funds are available under California Public Utilities Code Section 99313 and 99314 to the Shasta County Regional Transportation Planning Agency (SCRTPA) for allocation to transit operators within the area of its jurisdiction. An "operator" is defined in § 99210 as "any transit district, included transit district, municipal operator, included municipal operator, or transit development board." The provisions of the California Public Utilities Code, § 99314.6 require funding to be contingent upon transit operators meeting either one of two efficiency standards as defined in the aforementioned section. The Shasta County Regional Transportation Planning Agency (SCRTPA) is charged with ensuring operators' compliance with § 99314.6 by requiring supporting calculations, where applicable, of all operators and claimants before releasing said funds. This policy seeks to ensure that the SCRTPA requires eligible operators to submit calculations indicating compliance with § 99314.6 before funding is released. It should be noted that the restrictions in § 99314.6 do not apply to allocations made for capital purposes.

Section 99314.6 of the TDA statute requires that either of two specified efficiency standards be met before funds are allocated for operating purposes to an operator. The first efficiency standard {§99314.6(a)(1)} verifies that the total operating cost per revenue vehicle hour for the current year is not greater than the sum of the total operating cost per revenue vehicle hour for the preceding year plus an amount equal to the percentage change in the regional Consumer Price Index (for the same year) multiplied by the preceding year's total operating cost per revenue vehicle hour. The Consumer Price Index for U.S. City Average shall be used. Such indexes are available from the U.S. Department of Labor.

If this standard is not met then § 99314.6(a)(2) applies, which is calculated in exactly the same way as the first standard, except that a single year's data is replaced with data from the latest three years for which audited data is available. It should be noted that "operating costs" in all cases, do not include costs of depreciation, amortization, leases, chartered services, and capitalized items.

The calculations of the operating costs and revenue vehicle hours, may also be adjusted by the RTPA to "encourage progress in achieving the objectives of efficiency, effectiveness, and productivity pursuant to Section 99244." The adjustments may involve excluding costs increases beyond the CPI for items that the State wants to encourage operators to purchase such as

alternative fuels, insurance, or state or federal mandates. Startup costs for new services for up to two years may also be excluded from the total operating costs used in the ratios. Excluding these costs from the operating costs would allow the operator to more easily meet the standards.

Section 99314.6(c) stipulates that the RTPA shall retain funds withheld from allocation to an operator (due to not meeting either of these two efficiency standards) for reallocation to that same operator for the two years following the year of ineligibility.

Original documentation to prove if the standards are met will be provided by transit operators. Transit operators shall gather the cost data from its latest audited financial statements, make the necessary calculations, and prepare a signed and dated workpaper that holds all pertinent data in one easy-to-read format. Such a workpaper is provided by the SCRTPA to enable transit operators to easily prepare their calculations in the manner outlined in the statute. Once the transit operators complete the calculations on the provided workpaper, the resulting calculations and supportive documentation shall be submitted to the SCRTPA, where the ratios will be reviewed for timeliness and accuracy. All workpapers, calculations, and supportive documentation shall be clearly labeled with identifying descriptions. The supportive documentation will report all components of the required calculations that document the ratio or ratios provided by each transit operator. If the qualifying criteria are met, then it will be deemed that § 99314.6 has been met. Once the documentation is complete § 99313 and 99314 funds may be released to the transit operator.

## **PROCEDURES**

The following procedure is designed to streamline this process and to ensure that proper documentation of the calculations is fully and accurately presented on one workpaper. It should be noted that use of the provided workpaper will facilitate accurate reporting of the ratio(s) used to determine operators' qualifying criteria:

1. Worksheets that are developed by the RTPA are distributed to transit operators.
2. Transit operators complete worksheet (or their own) as soon as their respective audits are available.
3. Worksheets are returned to the RTPA as soon as they are complete.
4. RTPA reviews and verifies data and calculations on worksheet to verify if criteria are met.
5. Worksheets are kept on file to provide evidence that qualifying criteria were met.

**REPORT TO SHASTA COUNTY RTPA**

SUBJECT		MEETING DATE	ITEM NUMBER
Policy to Determine Qualifying Criteria for State Transit Assistance Funding to Transit Operators		10/27/98	5-4

**RECOMMENDATION**

It is recommended that the Agency consider formally adopting a policy that sets forth a procedure to determine transit operators' qualifying criteria in accordance with the Transportation Development Act (TDA).

**SUMMARY**

Section 99314.6 of the Public Utilities Code requires that transit operators shall meet either one of two efficiency standards in order to be eligible for State Transit Assistance funding.

**DISCUSSION**

The purpose of this policy will be to set forth specific procedures for transit operators to follow to ensure and document compliance with the eligibility standards outlined in Section 99314.6 of the Public Utilities Code. The Transportation Development Act requires RTPAs to ensure that funding is released contingent upon transit operators performing this calculation annually. The most recent performance audit of the Shasta County RTPA found that the RTPA needed a specific policy to accomplish this task. The RTPA is proposing an approach to fulfilling this responsibility which allows transit operators to submit the required information in a prescribed format that will facilitate ease of reporting for the transit operators.

The proposed policy has been reviewed by the RTPA Technical Advisory Committee (TAC) and written comments were received from the City of Redding and Caltrans. Written comments from Caltrans focused on definitions of operator eligibility and type of funding covered by Section 99314.6. Both items were incorporated in this proposed policy. Caltrans also suggested that a policy to determine what portion of the public transportation services of an operator serves urbanized and nonurbanized areas to determine its required ratio of fare revenues to operating cost, should be adopted by the RTPA. That task is outside the scope of this policy. The City of Redding focused on the agenda title which has been revised to more properly convey the policy's content. Additionally, draft language not germane to the implementation of this policy and single agency references were eliminated as requested by the City of Redding. A provision for an appeal process to the fund retention was also requested by the City of Redding. A process to appeal the requirements of Section 99314.6 of the Public Utilities Code is not provided within the regulation, however, the proposed policy does contain reference to adjustments that may be applied by the RTPA to "encourage progress in achieving the objective of efficiency, effectiveness, and productivity pursuant to Section 99244."

**OTHER AGENCY INVOLVEMENT**

This policy has been discussed at the Technical Advisory Committee meetings over the past year.

STA Policy/Item 5-4  
October 27, 1998  
Page 2

FINANCING

Implementation of the staff recommendation will not have a significant financial impact.

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Daniel J. Kovacich, Executive Officer

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Attachment: Policy to Determine Operators' Qualifying Criteria for State  
Transit Assistance  
Worksheets to Determine Operators' Qualifying Criteria