

3378
Doc 4

COUNTY FUNDING OF CTS SERVICE

The current proposal for County funding of existing routes gives the County the same share of federal and state funding (Formula Operating Assistance- FOA) as the City. This year 40% of our operating costs are covered by FOA. For routes that the County contributes toward (5 and 10) they get a 40% credit.

For night service (Route 24) the City has secured JARC funds and provides nearly 50% credit to the County for that route.

I think that everyone agrees that should the County add service in the future and we are able to secure additional FOA we would share that equally.

The problem issue arises when the County chooses to add additional routes and there is no additional state and federal operating assistance (FOA).

Adding additional service would increase the total operating costs for CTS, but with the state and federal funding remaining flat, an equal sharing of the FOA would mean that the City would have to increase its contribution from the general fund just to fund its existing service. Of course the City CTS customers would gain from having better transit service in the County.

The attached memo gives an example of what would happen if the County chooses to expand service on Route 5 (Commonwealth Drive).

DATE: January 19, 2007

TO: Budget Review Team

FROM: Bill Watterson, Transit Manager

SUBJECT: Cost of Possible FY 2008 CTS Service Expansion

This memo provides an overview of one possible FY 2008 CTS service increase based upon a tentative approach to sharing Formula Operating Assistance (FOA) with Albemarle County. This memo has been prepared in response to a request by the City Manager.

For purposes of existing County routes at existing service levels, I am recommending the approach identified in Table 2 below for sharing FOA with the County.

However, I am not recommending this approach to sharing FOA for any County service expansion because it would require that the City give up a portion of FOA whenever the County funds a service expansion. Instead I am attempting to show the implications of the approach that on January 5 Kevin Lynch told Dennis Rooker, Ken Boyd, and Tom Foley seemed fair to him. On January 18 I told the City Budget Review Team that I think the City should require that the County commit to expanding the amount of revenue hours they fund to be at least equal to 33 percent of total CTS revenue hours before the City should agree to apply this approach to sharing FOA for service expansions. In order to reach 33 percent of total CTS revenue hours the County would need to increase the amount of CTS service it funds by about 19,000 revenue hours, well more than double the current County revenue hours.

BACKGROUND

During FY 2005 as part of preparing the FY 2006 budget, CTS discovered that the amount of County funding that CTS had requested in past years was significantly less than the cost of providing service. Discussion between the City and the County has not fully resolved the issue of pricing CTS service that operates in the County, but there has been agreement in principle that CTS should consider the full cost of service before making any adjustments. In addition, there has been agreement in principle that CTS pricing will reflect the Federal and State Formula Operating Assistance (FOA) that the City receives, but there has not been agreement on the details of how this will be done.

Table 1 - Summary of CTS Service Operated in the County, FY 2005-FY 2007

FY	Total Hours	County Hours	County Share of Hours	CTS Total Operating Cost	County Payment	County Payment Share of Cost
2005	74,949	13,713	18.3%	\$3,991,844	\$241,793	6.1%
2006	78,082	12,606	16.1%	\$4,198,338	\$299,344	7.1%
2007	75,000	11,987	16%	\$4,525,347*	\$367,374	8.1%

*Projected FY 2007 CTS Total Operating Cost is \$115,000 less than the FY 2007 budget amount.

The FY 2008 approach proposed in Table 2 below provides a 40 percent credit to the County for Routes 5 and 10 by the City sharing equally with the County the FOA that CTS anticipates receiving from the Federal Transit Administration (section 5307 funds)

and the Virginia Department of Rail and Public Transportation (State Aid). In addition, because CTS has secured Job Access and Reverse Commute (JARC) funds in FY 2007 and plans to apply for these funds for FY 2008, the proposal is to provide a nearly 50 percent credit to the County for Route 24 which is eligible for JARC funding.

Table 2 - FY 2008 Proposed Cost of CTS Service to County (40 percent FOA)

Route	Revenue Hours	Cost/Hour	Cost before Credit	FOA Credit	Fare Credit	County Cost
5	7,392	\$65.17	\$481,737	\$192,695*	\$33,493	\$255,549
10	3,872	\$65.17	\$252,338	\$100,935*	\$14,856	\$136,547
24	762	\$65.17	\$49,660	\$24,152**	\$1,356	\$24,152
TOTAL	12,026	\$65.17	\$783,735	\$318,460	\$49,705	\$416,248

*Based on Estimated FY 2008 FOA, credit is 40 percent.

**Based on Estimated FY 2008 JARC funding, credit is 50 percent after subtracting fares.

The approach shown in Table 2 above allows the City, in FY 2008, to benefit from \$1,668,703 in FOA for City routes and \$192,811 in JARC funding for City night routes.

However, applying the approach shown in Table 2 above to County service expansions will shrink the percentage of cost of City routes covered by FOA and will therefore require that the City pay a greater share of the cost of City routes than is the case without County service expansion. This would be the result because as the total CTS revenue hours are increased above 75,000, the CTS operating budget must also increase to cover the cost. However, FOA does not automatically increase to cover these costs. This impact is illustrated in Tables 3 and 4 below.

POSSIBLE FY 2008 COUNTY SERVICE EXPANSION

Table 3 - FY 2008 Proposed Route 5 Service Improvement (Operating and Capital)

Route	Revenue Hours	Cost/Hour	Cost before Credit	FOA Credit/Capital	Fare Credit	County Cost
5	3,696	\$65.17	\$240,868	\$92,252*	\$7,032	\$141,584
30-foot bus	n/a	n/a	\$344,902	\$289,718**	n/a	\$55,184
TOTAL	3,696	\$65.17	\$585,770	\$381,970	\$7,032	\$196,768

*Based on Estimated FY 2008 Formula Operating Assistance (FOA), credit is 38.3 percent.

**Based on Estimated FY 2008 capital assistance, credit is 84 percent.

Table 4 - FY 2008 REVISED Cost of CTS Service to County (38.3 percent FOA)

Route	Revenue Hours	Cost/Hour	Cost before Credit	FOA Credit	Fare Credit	County Cost
5	7,392	\$65.17	\$481,737	\$184,505*	\$33,493	\$263,739
10	3,872	\$65.17	\$252,338	\$96,646*	\$14,856	\$140,836
24	762	\$65.17	\$49,660	\$24,152**	\$1,356	\$24,152
TOTAL	12,026	\$65.17	\$783,735	\$305,981	\$49,705	\$428,727

*Based on Estimated FY 2008 FOA, credit is 38.3 percent.

**Based on Estimated FY 2008 JARC funding, credit is 50 percent after subtracting fares.

If the County funds an additional 3,696 revenue hours of CTS service on Route 5 (as shown in Table 3 above), the total revenue hours that CTS produces in FY 2008 will increase from 75,000 to 78,696 and CTS total operating cost will increase from

Finally, in a related matter - I met with the IMPACT folks and talked about transit, and sunday service. Should we begin some sunday service - say the trolley and the 7 - and get the county to help with the latter?

David

On 1/5/07, Kevin Lynch <klynch@estone.net> wrote:
Craig, Gary, Councilors,

This afternoon, Bill Watterson and I met with Dennis Rooker, Ken Boyd and Tom Foley from the County to discuss funding for increased transit service in the County.

Ken and Dennis indicated that their board was willing to spend somewhere on the order of an additional 200K per year to expand service in the County and that they were looking to Bill to help them determine where they would get the most bang for the buck. They indicated that they had heard most support from their constituents for improving service on the 5 route (Commonwealth drive) and providing service to Southwood and the adjacent areas to the South of town. I believe that we currently put in around 1.3M of local dollars and the County puts in around 350K, so this is a large percentage increase for them, although not as large in dollar terms as I would have hoped.

As a condition of spending this money, they wanted some assurance from the City that any matching dollars that we get from the State and Feds would be apportioned between the City and County using the same ratios for matching dollars to dollars provided by the locality - in other words if we get a combined 65 percent operating match from State and Feds for our City dollars, the County would get the same 65 percent match for their dollars. In a given year, if the State and Fed match goes up or down, the City and County will adjust our local matches accordingly so that we are paying the same percentage of our operating costs. Another way of putting this is that the matching dollars from State and Feds would be split between the City and County, based on the amount of local dollars that each locality contributes.

This seems to be a fair proposal to me, although there is a downside to the City that everyone should be aware of - because the State and Federal dollars tend to be capped, as the amount of County service grows, the percentage of matching funds that CTS will get from State and Feds, relative to combined local dollars will likely be reduced (assuming that the State and Fed match doesn't grow as fast as the County contribution). This results in a smaller percentage of the State and Fed matching dollars going to the City. On the other hand, if we were to increase our local share of transit funding faster than the County, then we would increase our share of the matching dollars - but this is unlikely to happen for a while because the County is anticipating some substantial increases in order to catch up with us.

There are a few reasons that I think that sharing the matching dollars in proportion to local dollars is good policy for the City, even though it may result in less matching dollars for the City. First, I believe the alternative would be unfair to the County - if we were to insist that our share of the State and Federal dollars remain fixed, then the County would end up paying a greater percentage of its local funds for service and they are likely to balk at that. Second, I believe that there are some external advantages for the City to having better transit service in the County. Not only does this give City transit riders more options for moving around the area, but it also makes areas in the County more affordable, which helps spread the responsibility for providing affordable housing more equitably. Third, I am optimistic that given the emphasis at the State and Federal level on curbing sprawl and reducing dependency on foreign oil, we may actually see some decent increases in State and Federal matching dollars for transit in the future. Having a predetermined and equitable way of splitting these funds

1/31/2007

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



3398
Dec 6

Agenda Date: July 16, 2007

Action Required: Appropriation

Staff Contacts: Judy Mueller, Public Works Director
Bill Watterson, Transit Manager

Reviewed By: Leslie Beauregard, Director, Budget and Performance
Management

Title: \$250,000 – Funding from Albemarle County to expand
Route 5 & Cost-Share Route 2B

Background: Charlottesville Transit Service (CTS) will receive an additional \$250,000 from Albemarle County in FY 2008. Funds will allow half of the local cost of Route 2B to come from the County (currently Route 2B is City funded) and support an additional bus on Route 5 to improve frequency from every 45 minutes to every 30 minutes.

Discussion: The City, County, University, and the Metropolitan Planning Organization are engaged in a study of how to make public transportation in the Charlottesville area more regional in scope. This study follows closely on the Charlottesville Transit Development Plan (TDP) completed at the start of FY 2007. The TDP recommends that CTS routes in Albemarle County be improved by adding service to new areas and increasing the frequency of existing routes. Therefore, the County decisions to cost-share with the City on Route 2B service between Downtown and Southwood Mobile Home Park and to fund greater frequency on Route 5 are consistent with both the TDP recommendations and the more recent effort to make public transportation in the Charlottesville area more regional in scope.

The City and County have agreed to an approach to costing CTS service expansion that fully shares projected federal and state formula operating assistance while at the same time requiring that the County fully fund the required local match for all aspects of CTS service including not only driving, but also maintenance, customer service and other necessary transit functions.

This appropriation will allow CTS to implement service improvements, as outlined in the Charlottesville Transit Development Plan, July 1, 2006 to June 30, 2011.

Alternatives: If not appropriated, the Transit Division will not have the funding necessary to provide the driving, maintenance, and customer service staff needed to support additional CTS service.

APPROPRIATION

Funding from Albemarle County to expand Route 5 & Cost-Share Route 2B

\$250,000

WHEREAS, Albemarle County will provide funding in the amount of \$250,000 to share the cost of Charlottesville Transit Service's Route 2B and for Charlottesville Transit Service to operate a third bus on Route 5; and

WHEREAS, the Charlottesville Transit Development Plan, July 1, 2006 to June 30, 2011 recommends the operation of additional Charlottesville Transit Service bus routes in Albemarle County.

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Charlottesville, Virginia, that the sum of \$250,000, received from Albemarle County, is hereby appropriated in the following manner:

Revenue – \$250,000

\$250,000	Fund: 245	Cost Center: 2801001000	G/L Account: 432030
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Expenditures - \$250,000

\$149,948	Fund: 245	Cost Center: 2801001000	G/L Account: 510010
\$14,592	Fund: 245	Cost Center: 2801001000	G/L Account: 510030
\$12,587	Fund: 245	Cost Center: 2801001000	G/L Account: 511010
\$39,961	Fund: 245	Cost Center: 2801001000	G/L Account: 511020
\$1,197	Fund: 245	Cost Center: 2801001000	G/L Account: 511030
\$26,565	Fund: 245	Cost Center: 2801001000	G/L Account: 511040
\$5,150	Fund: 245	Cost Center: 2801001000	G/L Account: 520200

BE IT FURTHER RESOLVED, that this appropriation is conditioned upon the receipt of \$250,000 from Albemarle County.

FY15 Albemarle County Cost Allocation Estimate

24-Sep-13

County-Funded Routes

Routes	Revenue Hrs	County %	County Hrs	Annual \$	FOA Credit	Fare Credit	County Cost
1 (replaces 1B)	3,870	50%	1,935	\$ 127,110	\$ 52,031	\$ 8,050	\$ 67,029
3 (replaces 2B)	2,618	50%	1,309	\$ 85,988	\$ 35,199	\$ 5,445	\$ 45,344
5	15,288	100%	15,288	\$ 1,004,269	\$ 411,089	\$ 63,598	\$ 529,582
10	3,696	100%	3,696	\$ 242,790	\$ 99,384	\$ 15,375	\$ 128,031
10 Evenings	924	100%	924	\$ 60,698	\$ 24,846	\$ 3,844	\$ 32,008
11	2,990	46%	1,375	\$ 90,350	\$ 36,984	\$ 5,722	\$ 47,294
11 Enhanced	1,581	46%	727	\$ 47,774	\$ 19,556	\$ 3,025	\$ 25,193
Total				\$ 1,658,979	\$ 679,088	\$ 105,059	\$ 874,481

Routes Serving Portions of County, Not County-Funded

Routes	Revenue Hrs	County %	County Hrs	Annual \$	FOA Credit	Fare Credit	County Cost
Route 7	26,256	0%	-	\$ -	\$ -	\$ -	\$ -

Total Funded + Previously Unfunded

	Annual \$	FOA Credit	Fare Credit	County Cost
Total	\$ 1,658,979	\$ 679,088	\$ 105,059	\$ 874,481

Historical Albemarle County Contribution

Fiscal Year	Revenue	% Increase
FY11	\$ 648,004	
FY12	\$ 648,004	0%
FY13	\$ 722,555	12%
FY14 Base	\$ 768,273	6%
FY15 Base	\$ 874,481	14%

Service Cost/Credit Calculations

CAT FY14 Operating Budget	
Expenditures	\$6,728,912
Gross Cost/Service Hour	\$ 65.69
FOA - Federal/State Rev.	\$2,784,931
FOA %	41%
FOA \$/Service Hr	\$ 26.89
Farebox \$/Service Hour	\$ 4.16
Net Cost per Service Hour	\$ 34.64

Service Hours - All Routes

Route	Service Hours/Day			Revenue Hrs	Annual \$
	Weekday	Sat	Sun		
Trolley	60	60	11	19,172	\$ 1,259,409
1	15	0		3,870	\$ 254,220
3	23	17		6,818	\$ 447,874
4	26	26		8,060	\$ 529,461
5	49	49		15,190	\$ 997,831
6	17	17		5,270	\$ 346,186
7	80	80	28	26,256	\$ 1,724,757
8	21	17		6,302	\$ 413,978
9	13	13		4,030	\$ 264,731
10	13	13		4,030	\$ 264,731
11 proposed	15.5	11		4,571	\$ 300,269
					\$ -
					\$ -
					\$ -
Total	332.5	303	39	103,569	\$ 6,803,448