The Best Laid (Transit) Plans……
….. Cannot Succeed Without Funding

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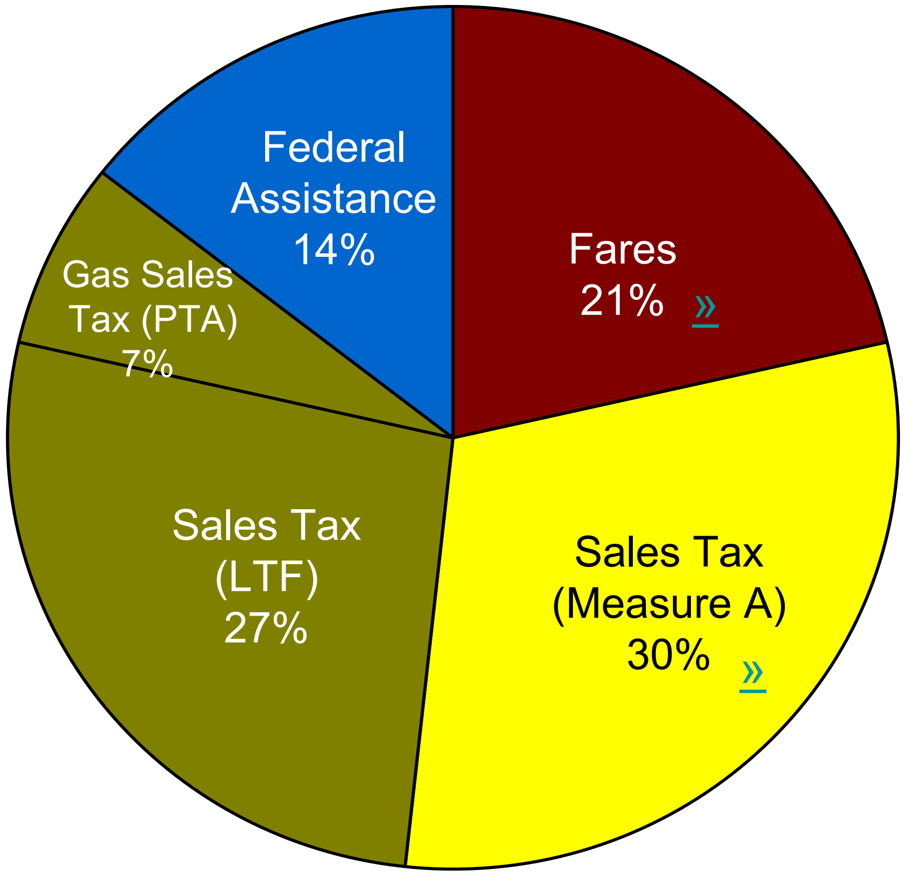
Introduction

- Transit plagued by lack of sufficient, sustainable and dedicated funding
- Building ridership & using transit as a catalyst for development costs money
- New funding models required:
  - What are they?
  - What are the pros and cons?
  - What is a "good" funding model?

Tale of Two Cities

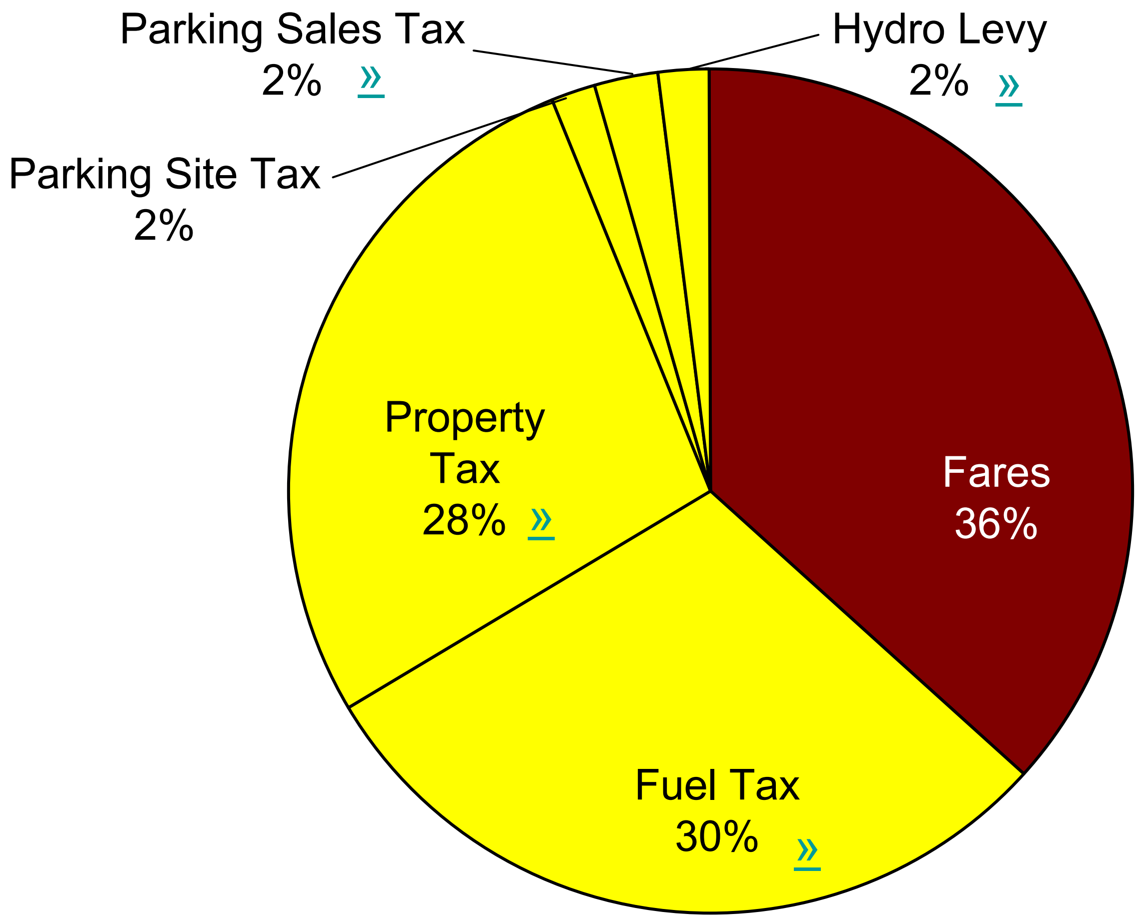
	Sacramento RT	Vancouver TransLink
Population	2.1m	2.2m
Population Density	189/sq.mile	284/sq.mile
Annual Passengers (M)	33	173
Transit Mode Share	1%	12%
Average Fare/Passenger	$0.83	$1.84
Car Ownership/Person	0.6	0.6

Sacramento RT Operating Funding



Source: Sacramento Regional Transit Comprehensive Annual Financial Report 2007 and 2006

TransLink Operating Funding



Source: TransLink Annual Report 2007

Fares

- Sole revenue source controlled by agency
- Limited ability to increase revenues
  - Fare structure
  - Premium fares
  - Employee & UPasses
- Fares generally cannot cover total costs

General Sales Tax

- Additional local sales tax - require voters' approval
- Portion of state sales tax (LTF)
- Sales tax on gasoline (PTA)
- Why so popular?
  - Substantial stable revenues
  - Small cost per person
  - Easy to apply
- Shortcomings:
  - Does not encourage increase in transit demand
  - Requires regular referenda
  - Economy driven

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Fuel Tax

- Dedicated additional regional fuel tax
- Federal/state fuel tax revenues used for roads
- Why desirable?
  - Link to GHG emissions
  - Substantial revenue source
  - Easy to apply
- Shortcomings:
  - Compete with motorists for revenues
  - Erosion of value in long-term

Property Based Charges

- General regional property tax
- Parking site tax – non-residential parking
- Development charges & access fee
- Why desirable?
  - Access to transit increases property value
  - Substantial, stable revenues with small increases
  - Easy to apply
- Shortcomings:
  - Property charges under municipal jurisdiction
  - Development charges primarily capital

Road Pricing Charges

- Parking charges
- Vehicle levy – fixed or variable
- Congestion charges
- Road tolls
- Why desirable?
  - Less congestion
  - Link to GHG emissions
  - Mega revenue potential
  - Potentially large ridership effect
- Why is it so opposed?
  - Road/vehicle charges to fund roads, not transit
  - Many have no alternative transportation to the car

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Other Charges

- Utility charges
- Business/payroll tax
- Hotel tax
- Rental car levy
- Shortcomings:
  - Very limited revenue potential (generally)
  - Not efficient to apply
  - Do not encourage transit usage

Private Public Partnerships

- Not a funding source – but a financing method
- Stretches payment for infrastructure over many years (30-40 years)
- Why so popular?
  - Faster project delivery
  - No payment required until facility is in use
  - Private sector efficiencies
- Shortcomings:
  - Funds required to pay performance payments
  - Higher financing cost (not necessarily higher overall cost)

Conclusion

- Successful transit requires sustainable, stable funding
- A “good” funding model is based on:
  - Multiple dedicated revenue sources, including innovative financing methods
  - Fewer revenue sources that are “targeted”
  - Balanced funding where all beneficiaries pay

Thank you

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Regional Transit

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