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

<table>
<thead>
<tr>
<th></th>
<th>Sacramento RT</th>
<th>Vancouver TransLink</th>
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</thead>
<tbody>
<tr>
<td>Population</td>
<td>2.1m</td>
<td>2.2m</td>
</tr>
<tr>
<td>Population Density</td>
<td>189/sq.mile</td>
<td>284/sq.mile</td>
</tr>
<tr>
<td>Annual Passengers (M)</td>
<td>33</td>
<td>173</td>
</tr>
<tr>
<td>Transit Mode Share</td>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>Average Fare/Passenger</td>
<td>$0.83</td>
<td>$1.84</td>
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<tr>
<td>Car Ownership/Person</td>
<td>0.6</td>
<td>0.6</td>
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Sacramento RT Operating Funding

- Sales Tax (Measure A) 30%
- Fares 21%
- Sales Tax (LTF) 27%
- Gas Sales Tax (PTA) 7%
- Federal Assistance 14%

TransLink Operating Funding

Fares: 36%

Parking Sales Tax: 2%

Hydro Levy: 2%

Parking Site Tax: 2%

Property Tax: 28%

Fuel Tax: 30%

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
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
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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