

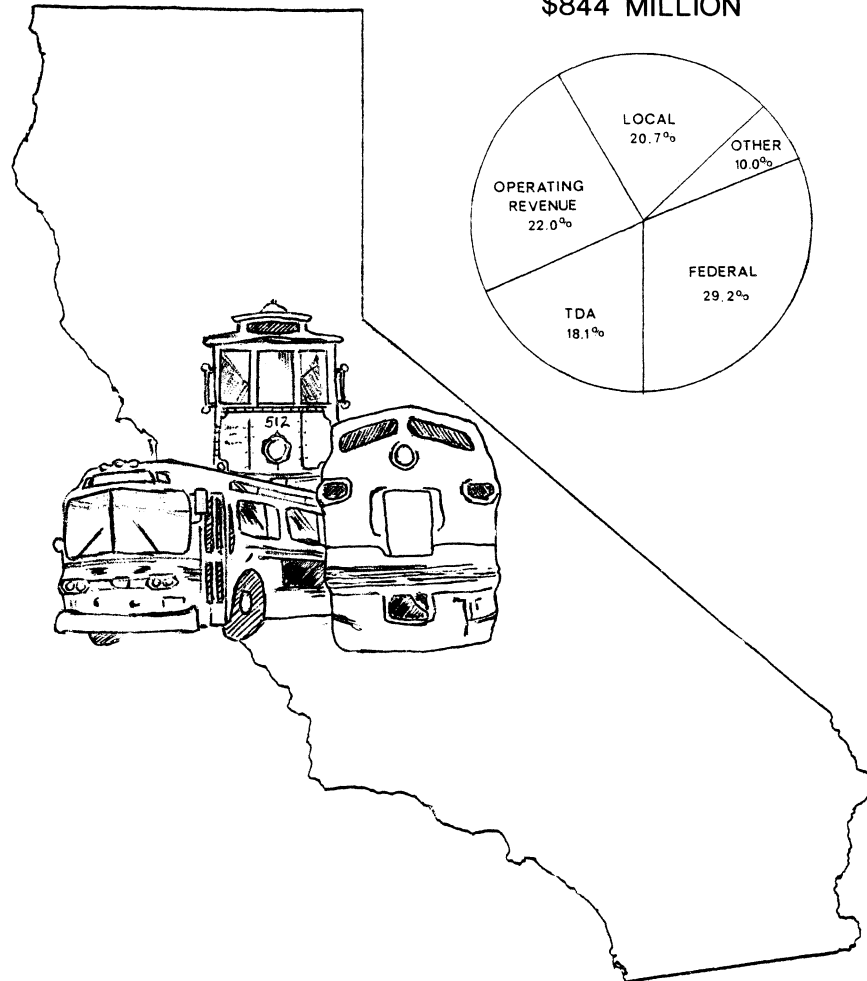


Joint Legislative Audit Committee
Office of the Auditor General



**REPORT TO THE
CALIFORNIA LEGISLATURE**

TRANSIT REVENUE
FY 1976/77
\$844 MILLION



**AVAILABILITY OF
TRANSPORTATION DEVELOPMENT ACT FUNDS**

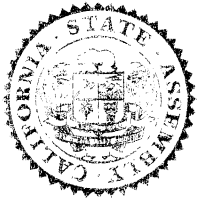
Office of the Auditor General
1955 - 1977

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

721

AVAILABILITY OF
TRANSPORTATION DEVELOPMENT ACT FUNDS

DECEMBER 1977



Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL

California Legislature



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December 8, 1977

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report on California's Transportation Development Act of 1971 as it relates to the availability and allocation of funds.

This fiscal year, revenue from the Act for local transportation purposes is expected to be about \$262 million. Allocation of this money to specific projects lags behind because of conservative estimates by many county auditors of funds expected. More frequent updated estimates should eliminate this project allocation lag. The Act is administered by the Secretary of Business and Transportation.

By copy of this letter, the Department is requested to advise the Joint Legislative Audit Committee within sixty days of the status of implementation of the recommendations of the Auditor General that are within the statutory authority of the Department.

The auditors are Thomas W. Hayes, Assistant Auditor General; Kenneth A. Mason; Donald L. Truitt.

Respectfully submitted,

MIKE CULLEN
Chairman

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GLOSSARY OF TERMS

1. Allocation: Amount approved by the designated transportation planning agency to be paid by the county auditor to an eligible claimant from the local transportation fund.
2. Apportionment: Proportion of the annual revenue anticipated to be received in the fund that the population of the area bears to the total population of each county.
3. Allocation Limitation: Section 99268 of the Public Utilities Code--generally referred to as the 50 percent limitation--which limits the expenditure of TDA funds in any year to 50 percent of operating, maintenance and capital and debt service expense after deducting approved federal grants expected to be received.
4. Apportionment Restriction: Restricts the purposes for which TDA funds shall be allocated to public transportation and bicycle and pedestrian facilities in counties with populations of 500,000 or more.
5. Claimant: An operator, city or county.
6. City: A city within the county having the fund from which the disbursement will be made.
7. Operator: Any transit district, included transit district, municipal operator, included municipal operator or transit development board.
8. Reserved Funds: The transportation planning agency may specify that monies allocated to a claimant be reserved in the fund for future payment to the claimant for a specific project. No monies shall be reserved by allocation except in response to a claim for a specific project.
9. TDA: Transportation Development Act of 1971.
10. TPA: Transportation Planning Agency.
11. Unallocated Balance: Any revenues in the local transportation fund in excess of all allocations including reserves and unallocated apportionments.
12. Unallocated Funds: Any revenues in the local transportation fund including allocated but undisbursed funds, unallocated apportionments, interest and other income less amounts held on reserve.

SUMMARY

California's Transportation Development Act (TDA) of 1971 authorized counties to impose a one-quarter percent retail sales tax with the revenues generated from the tax to be used for specified transportation purposes. Since TDA funds became available, at least 47 new transit systems have been established which are at least partly funded by the TDA. During fiscal year 1977-78, TDA revenue for local transportation purposes is estimated to approach \$262 million.

Our study of TDA funds presently available and the impact of specific provisions of the TDA showed that:

- As of June 30, 1977, statewide, there was approximately \$64.3 million in unallocated and unspent TDA funds and \$82.9 million in TDA funds held in reserve for future capital projects
- Limitations on the expenditure of TDA funds may result in increased accumulations of TDA funds in future years
- Funds held in reserve for future projects may increase in size over the next few years because (1) federal funds are becoming more difficult to obtain, and (2) TDA funding regulations encourage transit systems to reserve funds for future capital projects.

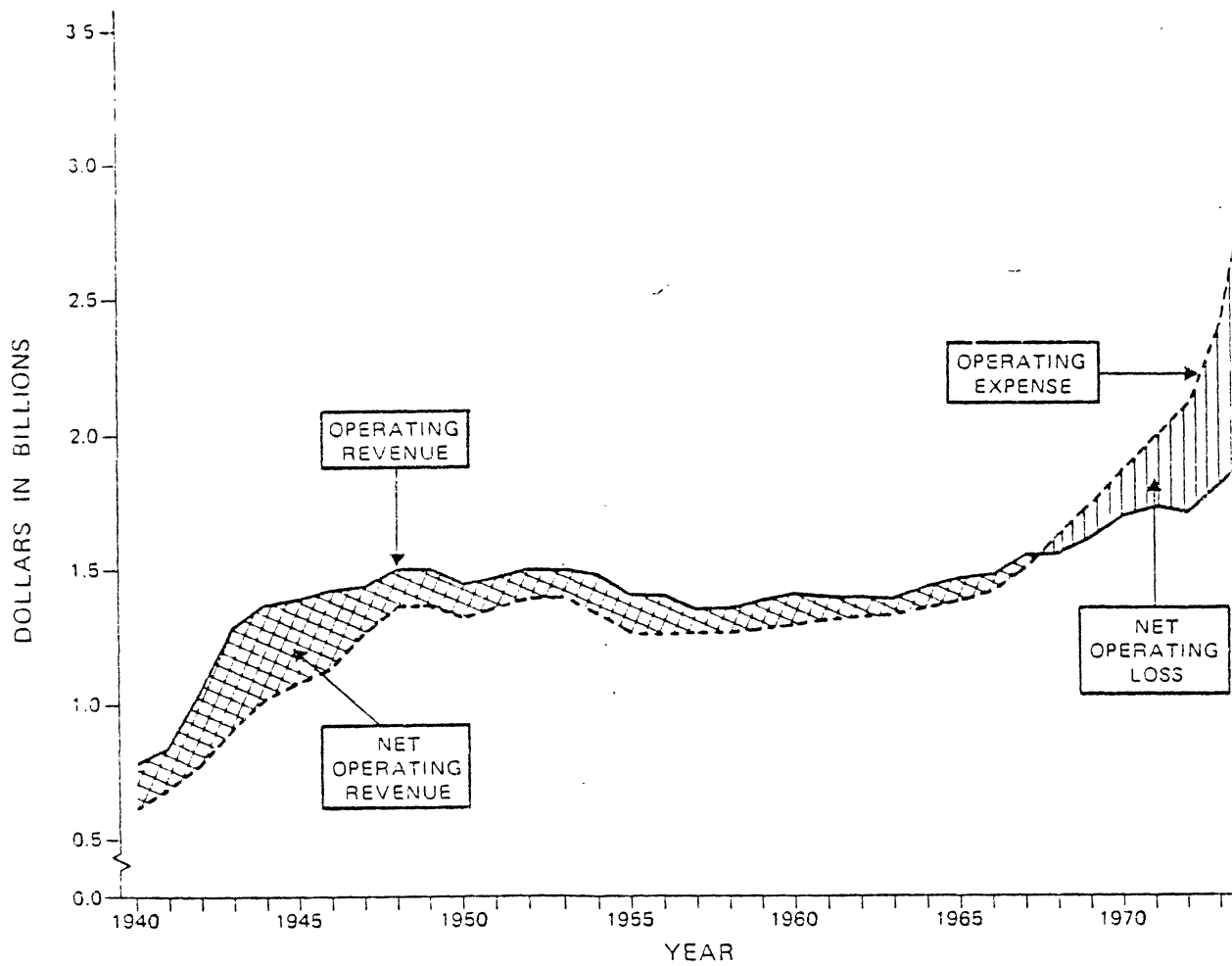
INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee the Auditor General conducted a study to determine the amount of unspent Transportation Development Act funds presently available, the reasons the funds are unspent and the impact of certain provisions of the Transportation Development Act (TDA). The review was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code. The data included in this study was not audited by the Auditor General.

Public Transit in California

Since the late 1960s, the nation's public transit industry incurred increasingly large deficits as shown in Figure 1. This situation has also occurred in California because operating expenses have risen sharply while operating revenues have remained relatively stable. As deficits have continued to increase, federal, state and local governments have elected to provide financial subsidies to meet them. The justification for these subsidies is that transit systems provide certain social benefits to the community, such as mobility for nondrivers, reduced traffic congestion and improved environmental conditions.

FIGURE I
RESULTS OF TRANSIT OPERATIONS 1940-1975



Source: American Public Transit Association

During fiscal year 1976-77, the budgeted revenue sources for 77 California transit systems which received TDA funding showed that federal subsidies and state-authorized sales tax subsidies provided major revenue sources for California transit systems (Table I).

TABLE I
 SUMMARY OF TRANSIT SYSTEMS REVENUE BY SOURCE
PROJECTION FOR FISCAL YEAR 1976-77*

| <u>Revenue Source</u> | <u>Amount</u> | <u>Percentage Of Total Revenue</u> |
|-----------------------------------|----------------------|--|
| Operating Revenue | \$185,590,532 | 22.0% |
| Local Transportation Fund (TDA) | 152,752,819 | 18.1 |
| Local Support** | 175,005,340 | 20.7 |
| State Revenue | 234,300 | -- |
| UMTA Operating and Capital Grants | 232,745,068 | 27.6 |
| Other Federal Grants | 13,762,603 | 1.6 |
| Contract Service | 3,588,353 | .4 |
| Fund Transfers*** | 28,328,297 | 3.4 |
| Other Revenues | <u>52,374,709</u> | <u>6.2</u> |
| | <u>\$844,382,021</u> | <u>100.0%</u> |

* Based on data provided in TDA Annual Report. Prepared by California Department of Transportation, Division of Mass Transportation.

** Local support includes local General Fund money, property tax and sales tax.

*** Fund transfers include transfers for bond funds, depreciation funds and contingency funds.

Transportation Development Act

The Transportation Development Act is the most important transit finance legislation yet enacted in California. Since the Act went into effect in July 1972, at least 47 new transit systems have been established which are at least partly funded by the Act.

The TDA provided a new source of financial support for California public transportation. The revenue provided by the imposition of the one-quarter percent retail sales tax is deposited in a special transportation fund in each county. These funds can only be used for the specified transportation purposes shown in Figure II.

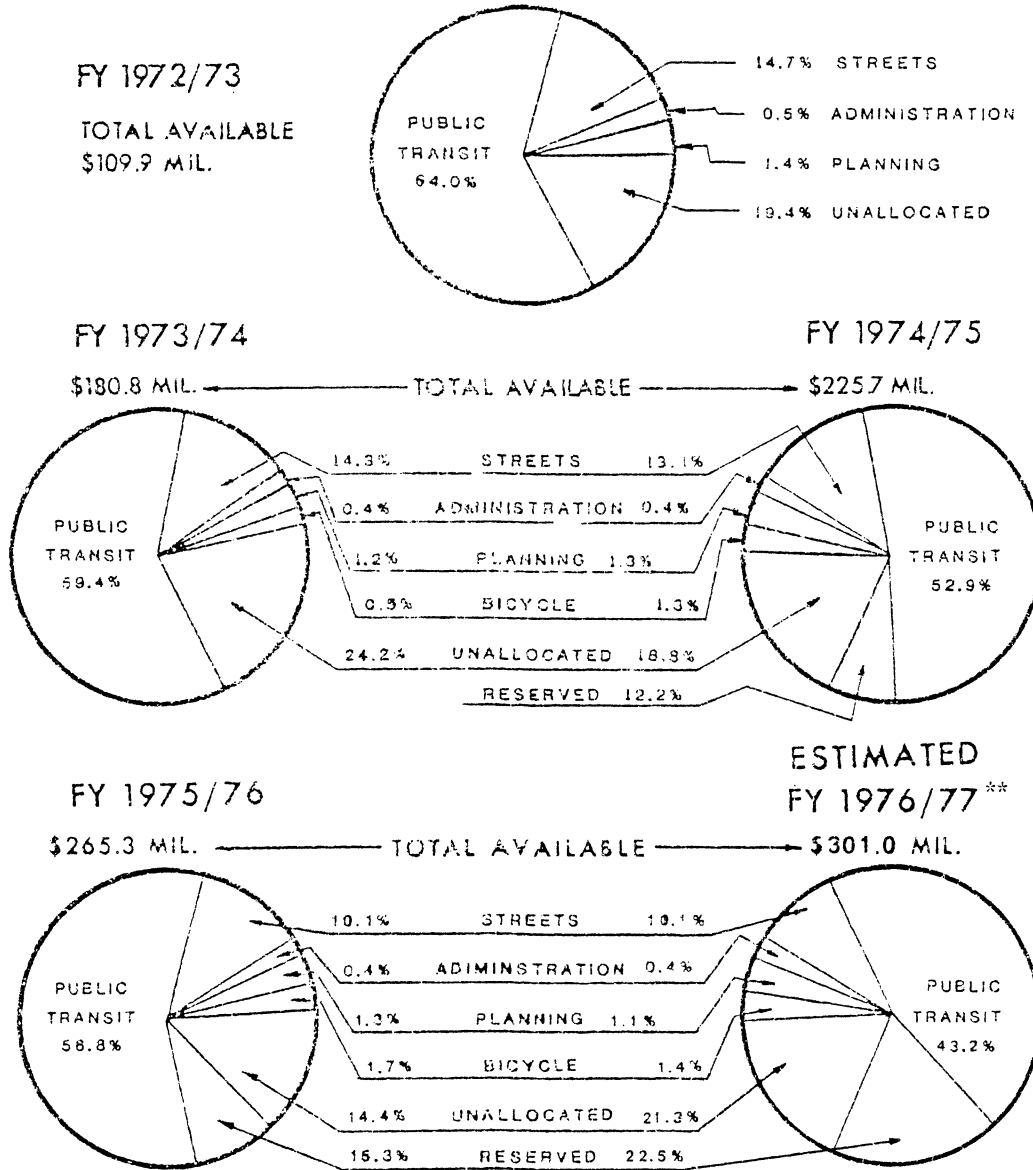
Since 1972 the TDA has provided more than \$850 million in new transportation financing. Figure III illustrates the TDA funds made available between fiscal years 1972-73 and 1976-77 and the projected amount available in fiscal year 1977-78.

Apportionment and Allocation
of TDA Funds

TDA revenue is distributed from the local transportation fund through a two-step process. First, the total annual revenue anticipated to be received in the local transportation fund is apportioned between the transit systems and city or county governments based on the population distribution of the county.

FIGURE II

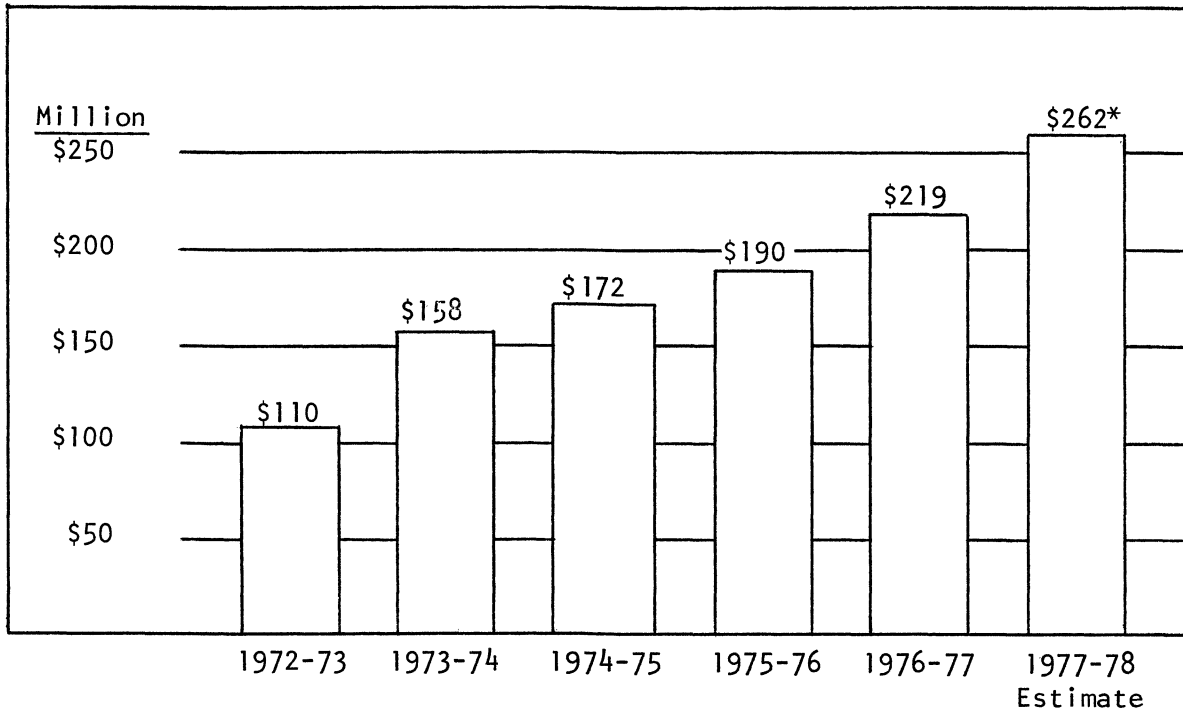
TRANSPORTATION DEVELOPMENT ACT
ALLOCATION SUMMARY*



* Includes unallocated amounts from previous years.

** Estimate for fiscal year 1976-77 is based on data provided to the Auditor General by transit systems, county auditors and TPAs. The percentage of TDA funds spent for Streets and Public Transit may be affected by the amount held in reserve.

FIGURE III
TRANSPORTATION DEVELOPMENT ACT FUNDS
AVAILABLE TO LOCAL TRANSPORTATION FUNDS



* 1977-78 estimate based on county auditors' estimates of \$238 million and increased by 10 percent to adjust for underestimation of TDA funds available.

After the revenue has been apportioned within the counties, the designated agency allocates, based on analysis and evaluation of the relative needs of each claimant and consistent with the provisions of the TDA, the apportioned monies to the cities, counties and transit systems which submit annual claims for purposes set forth in the TDA.

Scope of Review

There are approximately 78 transit systems in the State which receive funds authorized by the Transportation Development Act. To obtain data for this report we sent questionnaires to 63 transit operators and 43 regional transportation planning agencies located throughout the State. We also conducted field reviews with the following regional transportation planning agencies and transit operators:

Sacramento Regional Area Planning Commission
Sacramento Regional Transit District

Metropolitan Transportation Commission (San Francisco Bay Area)
San Mateo Transit District
Santa Clara Transit District

Nevada County Transportation Commission
Gold Country Stage

Southern California Association of Governments
South Coast Area Transit
Long Beach Public Transportation Company
Culver City Municipal Bus Lines
Santa Monica Municipal Bus Lines
Laguna Beach Municipal Transit Line
Orange County Transit District
Riverside Transit Agency
Southern California Rapid Transit District

Comprehensive Planning Organization (San Diego)

In addition to the agencies listed above, we gathered data from the California Department of Transportation, the Los Angeles County Transportation Commission and the County of Ventura.

We concentrated our review on:

- (1) Identifying the sums of money held as unallocated funds or reserves at the end of fiscal year 1976-77
- (2) Documenting the reasons for the accumulations of TDA funds
- (3) Analyzing the impact of the Allocation Limitations (Sections 99267 and 99268 of the PUC) on the accumulation of funds
- (4) Analyzing the impact of the Apportionment Restriction (Sections 99231 and 99232 of the PUC) on the accumulation of funds.

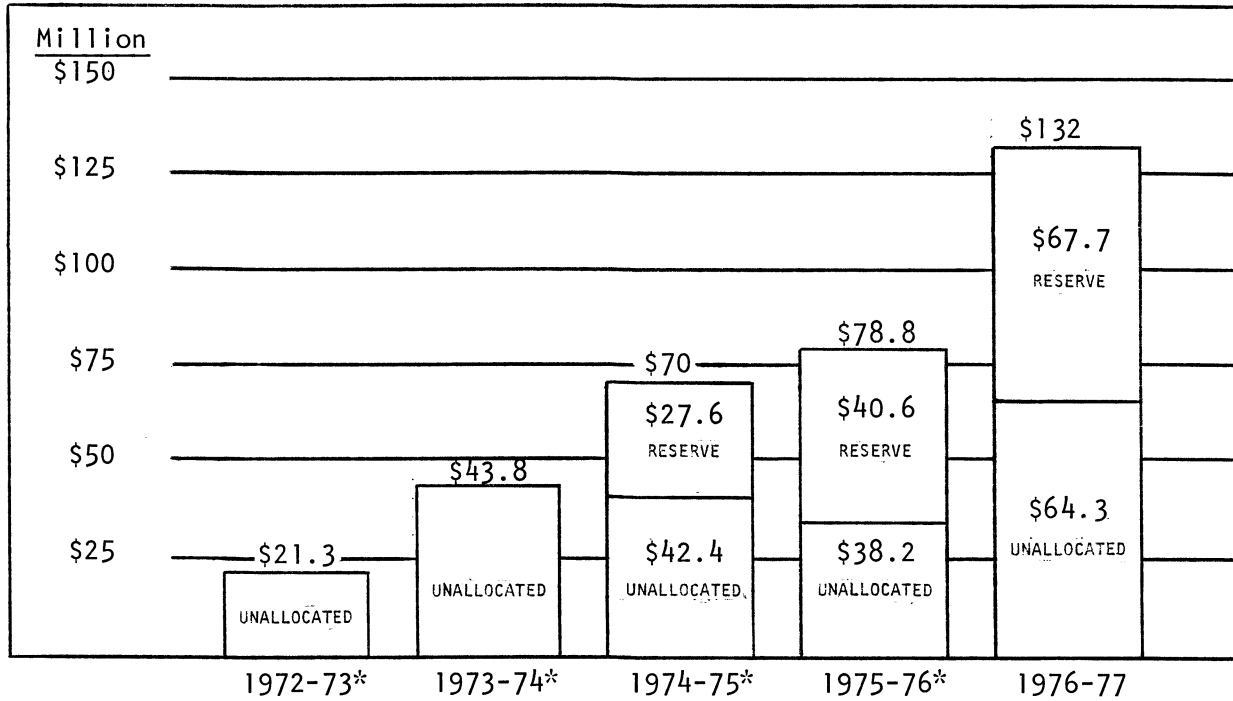
STUDY RESULTS

SUBSTANTIAL ACCUMULATION
OF TDA FUNDS

As of June 30, 1977, statewide there was approximately \$64.3 million in unallocated and unspent TDA funds, and about \$82.9 million in TDA funds held in reserve for approved capital acquisition projects (Figure IV). Sixty-eight million dollars of the reserve funds are held in local transportation funds, and about \$15 million had already been distributed to transit operators who were reserving it for future projects. These accumulations are the result of (1) annual underestimations by county auditors of TDA funds which will be available, (2) legal limitations on the expenditure of TDA funds, and (3) funds being reserved for future capital projects.

County auditors and regional transportation planning agencies report that the accumulation of TDA funds has occurred throughout the State (Tables II & III).

FIGURE IV
 TRANSPORTATION DEVELOPMENT ACT FUNDS
 LOCAL TRANSPORTATION FUNDS REMAINING AT FISCAL YEAR END
AS UNALLOCATED BALANCES AND RESERVES



* May not include funds allocated but not disbursed at June 30, which would result in a lower unallocated balance than the method used in 1976-77.

TABLE II
 SUMMARY OF OPERATORS HOLDING TDA FUNDS
BALANCE AS OF JUNE 30, 1977

| <u>Operator</u> | <u>Amount Held</u> |
|---|-------------------------|
| Long Beach Public Transportation Co. | \$ 1,397,031 |
| Corona Bus Lines | 858,611 |
| Santa Monica Municipal Bus Lines | 6,001,779 |
| City of Ontario* | 995,011 |
| South Coast Area Transit | 1,200,000 |
| Humboldt Transit Authority | 25,000 |
| Santa Cruz Metro. Transit District | 600,000 |
| Stockton Metro. Transit District | 600,000 |
| North San Diego County Transit District | 480,178 |
| San Diego Transit Corporation | <u>3,042,786</u> |
| Total | <u>\$15,200,396</u> |

* Funds held by the City for a grade-separated project as prescribed in Article 4, Section 99268 of the Public Utilities Code.

Inaccurate Estimates by County Auditors
 Result in Unallocated Balances

The \$64.3 million in unallocated balances held in local transportation funds is partially caused by county auditors' inaccurate estimates of TDA funds to be received. Historically, county auditors have underestimated the amount of TDA funds which will be available. Thus, claimants have budgeted for and used less than they could have.

TABLE III

SUMMARY OF LOCAL TRANSPORTATION FUND BALANCES
AT JUNE 30, 1977 AS REPORTED BY COUNTIES

| County | Funds Held in Reserve | Unallocated Funds | Total Cash Balance |
|-----------------|--------------------------|----------------------|-----------------------|
| Alameda | \$ 7,546,682 | \$ 5,591,452 | \$ 13,138,134 |
| Alpine | 0 | 37,900 | 37,900 |
| Amador | 19,209 | 0 | 19,209 |
| Butte | 0 | 0 | 0 |
| Calaveras | 0 | 23,432 | 23,432 |
| Colusa | 0 | 365,643 | 365,643 |
| Contra Costa | 5,168,923 | 8,618,058 | 13,786,981 |
| Del Norte | 23,525 | 476,034 | 499,559 |
| El Dorado | 129,685 | 98,832 | 228,517 |
| Fresno | 288,722 | 1,284,366 | 1,573,088 |
| Glenn | 266,258 | 51,386 | 317,644 |
| Humboldt | 0 | 1,267,603 | 1,267,603 |
| Imperial | 340,176 | 0 | 340,176 |
| Inyo | 0 | 25,292 | 25,292 |
| Kern | 288,210 | 915,638 | 1,203,848 |
| Kings | 0 | 0 | 0 |
| Lake | 0 | 118,773 | 118,773 |
| Lassen | 0 | 132,648 | 132,648 |
| Los Angeles | 12,970,984 | 692,521 | 13,663,505 |
| Madera | 0 | 109,221 | 109,221 |
| Marin | 72,256 | 388,352 | 460,608 |
| Mariposa | 0 | 0 | 0 |
| Mendocino | 110,000 | 382,747 | 492,747 |
| Merced | 0 | 167,409 | 167,409 |
| Modoc | 0 | 44,279 | 44,279 |
| Mono | 0 | 28,912 | 28,912 |
| Monterey | 0 | 2,705,467 | 2,705,467 |
| Napa | 502,394 | 91,245 | 593,639 |
| Nevada | 0 | 575,241 | 575,241 |
| Orange | 24,146,615 | 4,737,971 | 28,884,586 |
| Placer | 0 | 106,588 | 106,588 |
| Plumas | 0 | 340,218 | 340,218 |
| Riverside | 1,742,295 | 893,836 | 2,636,131 |
| Sacramento | 564,701 | 0 | 564,701 |
| San Benito | 0 | 180,409 | 180,409 |
| San Bernardino | 305,289 | 2,900,106 | 3,205,395 |
| San Diego | 3,369,560 | 14,294,070 | 17,663,630 |
| San Francisco | 0 | 951,482 | 951,482 |
| San Joaquin | 557,723 | 166,571 | 724,294 |
| San Luis Obispo | 50,000 | 447,753 | 497,753 |
| San Mateo | 6,105,261 | 8,408,453 | 14,513,714 |
| Santa Barbara | 73 | 336,493 | 336,566 |
| Santa Clara | 0 | 2,037,842 | 2,037,842 |
| Santa Cruz | 406,792 | 281,080 | 687,872 |
| Shasta | 51,695 | 89,173 | 140,868 |
| Sierra | 0 | 51,314 | 51,314 |
| Siskiyou | 0 | 500 | 500 |
| Soiano | 452,912 | 895,543 | 1,348,455 |
| Sonoma | 945,680 | 685,852 | 1,631,532 |
| Stanislaus | 546,437 | 638,350 | 1,184,787 |
| Sutter | 0 | 14,904 | 14,904 |
| Tehama | 44,851 | 0 | 44,851 |
| Trinity | 7,913 | 161,632 | 169,545 |
| Tulare | 501,601 | 553,423 | 1,055,024 |
| Tuolumne | 50,313 | 396,416 | 446,729 |
| Ventura | 136,537 | 252,611 | 389,148 |
| Yolo | 0 | 251,549 | 251,549 |
| Yuba | 0 | 11,908 | 11,908 |
| | <u>\$67,713,272</u> | <u>\$64,278,498</u> | <u>\$131,991,770</u> |

The Administrative Code states in part:

Prior to February 1 of each year each County Auditor shall furnish an estimate of monies anticipated to be deposited in the fund of each county during the ensuing fiscal year to the transportation planning agency together with the fund balance available at the end of the current fiscal year after all presently existing allocation instructions are honored. The auditor shall make his estimate from such data as he may have including that which may be furnished by the State Board of Equalization.

We compared the estimates made by all 58 county auditors to the actual TDA funds received in the local transportation funds for the fiscal years 1974-75 through 1976-77. Table IV illustrates the results of this comparison. The underestimation for the three fiscal years, by county, ranged from a low of .34 percent to a high of 126.18 percent. The primary causes of these underestimates are that some county auditors are (1) using out-of-date data to make projections, (2) underestimating sales tax growth rates and inflation rates, and (3) being conservative and intentionally underestimating revenue.

TABLE IV
ESTIMATED VS. ACTUAL TDA FUNDS RECEIVED
FOR FISCAL YEARS 1974-75, 1975-76 AND 1976-77

| <u>Fiscal Year</u> | <u>Estimated By County Auditors</u> | <u>Actual Received From State Board of Equalization</u> | <u>Percentage Difference Between Estimated And Actual</u> |
|--------------------|---|---|---|
| 1974-75 | \$158,921,260 | \$172,343,454 | 8.5% |
| 1975-76 | 164,676,893 | 190,348,012 | 15.6 |
| 1976-77 | 196,288,645 | 219,279,001 | 11.7 |

The underestimates by county auditors can cause problems in providing public transportation services. The following examples illustrate some of these problems:

- The Santa Clara County Auditor's estimate of TDA funds available for fiscal year 1976-77 was understated by \$1,776,947 (15.8%). The underestimate along with interest and accruals resulted in an unallocated balance of \$2,037,842 remaining in the local transportation fund at June 30, 1977.

We reviewed the county auditor's method of calculating the estimate and determined that the base year data used is a year old at the time the estimate becomes effective. The county auditor projects an annual growth rate of nine percent for TDA funds available in the county. This rate is effectively reduced to four and one-half percent, however, because the base data is already one year old. Thus, while the auditor projected an increase of four and one-half percent, the actual growth rate has exceeded 10 percent.

We recalculated the estimate of funds to be received during fiscal year 1977-78 using more current base year data. Our calculations indicated the fiscal year 1977-78 estimate by the county auditor is potentially understated by \$2.4 million.

The Santa Clara Transit District management indicated that underestimates of this size result in budgeting problems. The District bases its ability to provide service and commit itself to capital projects on the expected funding. Underestimating funds available results in project delays, additional costs because of inflation and accumulations of funds in the local transportation fund.

- Since the TDA came into use, the Los Angeles County Auditor has annually underestimated, by up to \$10 million, the TDA funds to be received in order to protect against overestimating available funds. Since the Southern California Rapid Transit District is experiencing unfunded deficits, the underestimations may cause fiscal problems for the District.

We discussed the impact of the underestimates with officials of the District, Southern California Association of Governments (SCAG) and the Los Angeles County Transportation Commission. They all agreed the underestimates result in accumulations which the District could use to cover the unfunded deficits and avoid future, unnecessary cut-backs of service or lay-offs.

The Secretary of the Business and Transportation Agency has proposed changes to the Administrative Code. As of December 1977, these changes have not been approved. Under the proposed changes, the county auditor shall furnish a revised or updated estimate of funds available whenever requested to do so by the transportation planning agency. In addition, the transportation planning agency may, at any time before the close of the fiscal year, issue a revised apportionment of funds based on a revised or updated estimate of funds available from the county auditor.

Allocation and Apportionment Restrictions
Can Cause Unallocated Funds

The manner in which TDA funds are apportioned and allocated within a county can result in unallocated funds. According to two regional transportation planning agencies approximately \$32 million of the unallocated funds result from the limitations on apportionments and allocations.

Two provisions of the TDA which in combination have significant impact on the unallocated balances are (1) Section 99268 of the Public Utilities Code (PUC), Allocation Limitations (Appendix A); and (2) Section 99232 of the Public Utilities Code (PUC), Apportionment Restrictions (Appendix B).

The Allocation Limitation--generally referred to as the 50 percent limitation--limits the amount of TDA funds an operator may receive in any fiscal year to 50 percent of the operating, maintenance and debt service expense after deducting approved federal grants expected to be received.

The Apportionment Restriction provision of the TDA limits the use of TDA funds solely for bicycle and pedestrian facilities and public transportation and community transit services in counties with populations of 500,000 or more. Until 1980, nine counties are affected by this provision. The State Department of Finance anticipates that the 1980 census will add three additional counties to the existing nine (Ventura, Fresno and Riverside).

The 50 percent limitation and the apportionment restrictions have caused TDA funds to accumulate when (1) TDA funds available for transit exceed what local governments consider necessary, (2) there is insufficient local support to maximize the use of TDA funds, and (3) counties of over 500,000 population have TDA funds apportioned to locations within the county where there is a lower need for transit than the available funds will support.

We reviewed the unallocated funds of all counties to determine those counties holding large balances. The following examples illustrate how the combined apportionment and allocation limitations have caused some of these unallocated funds.

- At the present time, portions of Contra Costa County and Alameda County are outside the A/C Transit District and are not served by BART. Some cities and unincorporated areas of Contra Costa County and Alameda County have elected to contract for services or operate their own municipal transit services. In other areas, there is little or no transit service.

The areas of Alameda County and Contra Costa County not within the Transit District have accumulated \$14 million in unallocated funds because each county exceeds 500,000 in population and TDA funds are restricted to public transit only. Some cities and unincorporated areas are receiving TDA funds in excess of the relative transit needs of the area.

The Metropolitan Transportation Commission (MTC) believes that the 50 percent limitation discourages development of public transit service in Eastern Contra Costa County and Alameda County. Some localities in these areas have initiated small transit systems or contracted for transit service. These systems are new and not yet subject to the 50 percent requirement. MTC expects that the existing services outside of the A/C Transit District will be curtailed or terminated, as each of the areas concerned is affected by the Allocation Limitation.

Both the 50 percent limitation and the 500,000 population restriction have contributed to the accumulation of TDA funds in both Alameda County and Contra Costa County and are expected to cause increased accumulations in the future.

- San Diego County reported unallocated funds of \$14.2 million at June 30, 1977. The majority of this accumulation occurs in the southern portion of the county served by the San Diego Transit Corporation (SDTC).

A substantial portion of the unallocated local transportation fund balance results of from two situations. First, SDTC is not a transit district and must negotiate seven separate contracts with the county and cities to which it provides service. Available TDA funds are apportioned directly to these communities rather than to SDTC. The cities of San Diego and National City use all available TDA funds for transit services. Further, National City is curtailing service because of a lack of additional funds. The remaining communities have chosen to contract for less services than the available TDA funds will provide. Thus, accumulations occur in these areas.

The second situation is the result of restricting the use of apportionments in counties with populations of 500,000 or more. Since several of the communities contracting with SDTC are not fully expending their apportionment for public transportation and are restricted to only those expenditures prescribed in Section 99232 of the PUC, an unallocated balance has resulted.

Some of the communities not expending their full apportionment for service through San Diego Transit provide their own additional transit service to their communities. CPO, the local transportation planning agency, expects that these systems will curtail or terminate service in the future as they become subject to the Allocation Limitation. CPO expects this to cause increasing accumulations of unallocated funds.

Reserve Accounts Represent
Majority of Accumulated Funds

Approximately \$83 million in TDA funds were held in reserve by local transportation funds or by claimants at June 30, 1977. The reserves are being held in anticipation of the implementation of future capital projects, such as fixed guideway systems, maintenance facilities, etc.

Section 99268 of the PUC specifies that TDA funds may be budgeted (reserved) by an operator for up to five years for capital intensive* or grade-separated** projects. In addition, the Administrative Code provides that transportation planning agencies may allocate funds which include a proposed commitment (capital or operating) extending up to five years.

* Capital intensive projects were added by Chapter 1348 of the Statutes of 1976.

** Grade-separated projects are primarily fixed guideway projects.

We reviewed several of the capital projects for which reserves are established, the funds necessary to undertake them and the estimated time to undertake and complete the projects. The following are examples of major capital projects for which funds are reserved.

- Orange County Transit District (OCTD) had \$24.1 million on reserve in the local transportation fund as of June 30, 1977. These funds have been reserved for capital projects which OCTD projects will be completed or in progress by fiscal year 1982.

OCTD's 1977-78 Transportation Improvement Program projects expending the reserves on three major projects: (1) the preliminary engineering and acquisition of 13.1 miles of right-of-way for a grade-separated project, (2) the construction of a Park-and-Ride structure, and (3) a multi-modal transportation center.

OCTD management expects the first two projects to be almost exclusively funded from the available TDA fund reserves. They anticipate all reserves to be expended by the 1981-82 fiscal year.

- Santa Monica Municipal Bus Lines is holding \$6 million on reserve for a People-Mover* project in the downtown area of Santa Monica.

The Southern California Association of Governments (SCAG) and Santa Monica Municipal Bus Lines informed us that federal funding originally anticipated for the project is now questionable.

Santa Monica is presently waiting for a consultant's feasibility study to identify the alternatives for modifying or changing their capital program. The general manager of the bus lines told us that operating costs of any capital project will be the prime selection consideration.

* People-Movers are generally moving walkways or guideway systems using small cars to transport passengers over relatively short distances.

As shown in Figure IV (Page 12), the amount of TDA money reserved for future use has increased from \$27.6 million to \$67.7 million since 1975.

CONCLUSIONS

Since TDA funds were first made available for transportation purposes in July 1972, \$147 million in unspent TDA funds has accumulated. This has been caused by underestimations of TDA funds available, restrictions and limitations on the expenditure of TDA funds because of TDA provisions and the creation of reserves for capital projects.

Proposed changes by the Secretary of the Business and Transportation Agency should help minimize the impact of underestimations of TDA funds available.

The 50 percent limitation and restriction on the use of TDA funds in three counties with populations of 500,000 or more has resulted in over \$32 million in unallocated TDA funds.

The TDA funds held on reserve are for a variety of capital projects. Several of the large projects may not be implemented in the near term.

LIMITATIONS ON EXPENDITURES
OF TDA FUNDS MAY CAUSE FUTURE
INCREASES IN EXISTING ACCUMULATIONS

The 50 percent limitation and the restrictions on the apportionment of TDA funds based on population may result in increased accumulations of unallocated balances in future years as new transit systems exceed five years of operations and are required to comply with the 50 percent limitation and additional counties exceed the 500,000 population threshold.*

Impact of the 50 Percent Limitation

As previously stated, Section 99268 of the PUC (Appendix A) limits the amount of TDA funds an operator may receive in any fiscal year to 50 percent of the operating, maintenance and debt service expense after deducting approved federal grants expected to be received. There are two significant exceptions to the 50 percent limitation. The first is the exemption for new services in Section 99268.5 of the PUC (Appendix A). This exception provides that a new operator is exempt in total from the Allocation Limitation for the first four years of operation and in part during the fifth year.

The second exception is provided under Section 99268.9 of the PUC (Appendix A). This exception applies to operators in counties with populations of less than 500,000. Upon application to the Department of

* These limitations are described beginning on page A-1.

Transportation, and if the State Transportation Board finds all the specific requirements have been met, the Board may relieve the operator of the Allocation Limitation for a period not to exceed two years. The Board may grant successive exceptions on reapplication by the operator. No waiver provision is available for transit systems in counties with populations of over 500,000.

We reviewed fiscal year 1976-77 transit system budget data on 77 transit systems receiving TDA funds. Twenty-three are presently bound by the 50 percent limitation and 54 are not. Table V shows the reliance on TDA funds by the 23 transit systems which are presently bound by the 50 percent limitation.

TABLE V
FISCAL YEAR 1976-77 BUDGETED TDA FUNDS
BY THOSE SYSTEMS
BOUND BY THE 50 PERCENT LIMITATION

| <u>Number of Operators</u> | <u>Percentage Of TDA Funds Budgeted*</u> |
|----------------------------|--|
| 3 | 0 - 10 % |
| 1 | 10 - 20 |
| 1 | 20 - 30 |
| 6 | 30 - 40 |
| <u>12</u> | 40 - 50 |
| <u><u>23</u></u> | |

* Percentage budgeted based on calculation as defined by Section 99268 of the PUC.

Fifty-four of the 77 transit systems were not bound by the 50 percent limitation during fiscal year 1976-77, and Table VI illustrates that each of these systems exceeded the 50 percent threshold. These transit systems received about \$7.7 million more in TDA funds than they would have received if they had been subject to the TDA provisions in fiscal year 1976-77.

TABLE VI
FISCAL YEAR 1976-77 BUDGETED TDA FUNDS
BY THOSE SYSTEMS
NOT RESTRICTED BY THE 50 PERCENT LIMITATION*/***

| <u>Number of Operators</u> | <u>Percentage Of TDA Funds Budgeted**</u> |
|----------------------------|---|
| 4 | 50 - 60 % |
| 9 | 60 - 70 |
| 12 | 70 - 80 |
| 17 | 80 - 90 |
| <u>12</u> | 90 -100 |
| <u>54</u> | |

* Above operators are currently exempt from 50 percent limitation based on one or more of the following:
Section 99268.5--Exemption for New Service
Section 99268.7--Funds for Capital Intensive Projects

** Percentage budgeted based on calculation as defined by Section 99268 of the PUC.

*** See Appendix C for fiscal impact.

Small transit systems in rural areas appear to be affected more by the 50 percent limitation than large transit systems; however, some larger systems may be significantly impacted in future years as shown in Appendix C. The following examples illustrate some systems which may be affected in the future.

- San Mateo Transit District received approximately \$2.2 million in TDA funds in excess of the 50 percent limitation during fiscal year 1976-77.

If San Mateo had been bound to the 50 percent limitation during that year, it would have had to either (1) increase its local financial support or (2) reduce service levels and leave a portion of the available funds unallocated.

San Mateo Transit District presently has voter approval to institute a one-half cent sales tax for public transit upon a vote of its Board. If the Board elects to use this authority, the 50 percent limitation will not be a problem for the District.

- The Sacramento Regional Transit District was affected by the 50 percent limitation during fiscal year 1977-78. The 50 percent limitation caused about \$1 million of available TDA funds to remain unallocated. The District plans to ask local voters to approve an increase in the local sales tax for transit to alleviate this problem. If this ballot measure fails, the District may have to obtain other local support to qualify for all available TDA funds or curtail service and transit improvements.
- South Coast Area Transit (SCAT), a joint powers agency will be bound by the 50 percent limitation during fiscal year 1978-79.

SCAT can currently provide what it considers an adequate level of service without additional local support by using farebox revenues, federal grants and available TDA funds, because it is not presently bound by the 50 percent limitation.

SCAT has requested a waiver of the 50 percent requirement commencing in fiscal year 1977-78. In the event that it is unable to obtain a waiver from the State Transportation Board, the transit system will experience fiscal problems. The members of the joint powers agency have expressed no desire to provide General Fund support for the system because they believe that adequate TDA funds exist to operate the system and do not feel that it would be appropriate to provide additional local funds.

If no waiver is granted to comply with the 50 percent requirement during fiscal year 1978-79, SCAT will have to either (1) increase its level of local support or (2) reduce its level of service and allow TDA funds to accumulate or be used for street and road projects. Further, Ventura County is expected to exceed 500,000 in population in the 1980 census. This will restrict TDA funds to public transit and make more funds available for transit because they can no longer be used for street and road projects.

Impact of Federal Funds

Several of California's transit systems may be affected by the 50 percent limitation in future years because of their budgeted use of federal funds. Table VII illustrates the operators which may be affected by this situation and the actual percentage of TDA funds to total revenue compared to the percentage per definition by Section 99268 of the PUC.

TABLE VII

TRANSIT SYSTEMS RECEIVING TDA FUNDS
IN EXCESS OF 50 PERCENT LIMITATION
BUT TDA FUNDS ARE NO MORE THAN
50 PERCENT OF TOTAL REVENUE

| <u>Operator</u> | <u>Percent of TDA Funding to Total Less Federal Funding</u> | <u>Percent of TDA Funds Received to Total Revenue</u> |
|--------------------------------|---|---|
| North San Diego County Transit | 64.4 % | 37.7 % |
| San Mateo Transit District | 81.9 | 37.6 |
| Santa Rosa | 56.2 | 35.0 |
| St. Helena | 71.9 | 46.7 |
| Sacramento Regional Transit | 55.0 | 43.8 |
| Banning | 65.2 | 38.1 |
| City of Riverside | 100.0 | 50.0 |
| Riverside Transit Agency | 86.8 | 36.4 |
| Omnitrans-San Bernardino | 79.2 | 44.9 |
| Golden Empire-Bakersfield | 61.9 | 46.4 |
| Simi Valley | 85.9 | 33.9 |
| South Coast Area Transit | 79.7 | 44.5 |
| Merced | 78.5 | 29.3 |
| Modesto | 74.3 | 41.6 |
| Monterey Peninsula Transit | 55.1 | 25.9 |
| Salinas | 75.7 | 22.9 |
| Sierra County | 75.3 | 17.6 |
| Stockton Metro. Transit | 50.0 | 32.6 |
| Turlock | 66.4 | 48.6 |

In these instances, transit systems may have limited use of TDA funds because they are using federal funds. For example:

The City of Riverside's transit system's operating budget for the fiscal year 1976-77 was shown as \$185,000. The revenue sources were \$92,500 in TDA funds and \$92,500 in federal funds. Based on the present method of determining the 50 percent limitation, the City of Riverside would first have to deduct the federal funds from the total operating budget, then apply the 50 percent limitation. The City would need to provide \$46,250 in local support to cover the difference. The net effect is the 50 percent limitation is increased to a 25 percent limitation, due to the federal funds received.

Impact of Apportionment Restrictions

As previously stated, Section 99232 of the PUC (Appendix B) restricts the expenditure of TDA fund apportionments to pedestrian and bicycle facilities and public transportation claims in counties with populations of 500,000 or more. Some legislative exceptions to this have been enacted for specific areas.

We visited four transportation planning agencies (MTC, SCAG, CPO and SRAPC) and several operators in counties with populations of 500,000 or more. We also visited operators and officials in two of the counties expected to have populations of 500,000 or more commencing with the 1980 census. Portions of counties in the CPO and MTC regions have accumulated millions of dollars in unallocated TDA funds and are expected to do so in the future under the existing TDA regulations. Presently, South Coast Area Transit (Ventura County) and the Riverside Transit Agency are able to finance their entire transit operations from a combination of farebox revenue, TDA funds and federal funding. Therefore, requiring that all TDA funds available in these areas be used for transit may not be warranted and could result in TDA funds being left to accumulate. Riverside and Ventura counties will attain populations of 500,000 by the 1980 census. Local officials state they expect unallocated TDA funds to occur as a result of the concurrent increase in restrictions on the expenditure of TDA funds. Because of the local geographic and demographic characteristics, the areas may not warrant increased levels of transit service.

Reserves Are Expected To Increase

The funds held on reserve for and by TDA fund claimants should substantially increase over the next few years. In our opinion the growth should occur in the reserves held in local transportation funds, as most transportation planning agencies now restrict claimants from obtaining funds before they are actually needed.

The existing provisions in the TDA and Administrative Code provide for the allocation of TDA funds for capital projects but make only broad reference to the types of projects considered appropriate. The provisions indicate the transportation planning agencies may allow allocations for these purposes for up to five years yet they remain silent on periods exceeding five years. No clear provisions exist which indicate how reserves are to be handled if the five-year period expires and the capital project is not undertaken.

Transit operators and transportation planning agencies we visited expressed concern that federal grants originally anticipated for many of the capital projects may now be in question. Lack of federal funding may result in additional time needed to accumulate the necessary funds for the projects or delays while alternative uses for the reserves are determined.

The recent addition of Section 99268 of the PUC for capital intensive projects provides an incentive for operators to develop capital intensive projects to reserve funds in excess of the 50 percent limitation.

Capital Expenditure Provision
Of TDA May Not Significantly
Affect Accumulations

Section 99267 of the PUC specifies that at least 15 percent of the TDA funds received shall be used by an operator for capital expenditures. An operator in a city and county with a population of 700,000 or more shall use at least 75 percent of the TDA funds received for capital expenditures. Provisions of this section provide guidelines for appropriate capital expenditures and specifics for exemption from the provisions.

Based on the questionnaires received from transit systems throughout the State and discussions with operators and planning agencies, no significant TDA fund accumulations presently exist or are likely to exist in the future due to the Capital Expenditure requirement because sufficient flexibility is provided for meeting the requirement.

CONCLUSIONS

The 50 percent limitation and restrictions on the apportionment of TDA funds may cause continued increases in unallocated TDA funds in future years.

Fifty-four transit systems are presently exempt from the 50 percent limitation because they have not operated for five years, but over the next several years they will be required to meet the limitation. The majority of these 54 transit systems

are small rural operators. If these transit systems are unable to obtain a waiver of the 50 percent limitation or additional local support, they may have to curtail or discontinue service.

The restriction on the apportionment of TDA funds in counties of 500,000 or more has resulted in the accumulation of \$32 million. This is expected to continue in future years, and as new counties are required to meet this restriction, commencing with the 1980 census, additional increases in unallocated funds are expected.

It is expected the TDA funds held in reserve will continue to increase over the next several years. This is expected to result from (1) difficulties in obtaining necessary federal funds, and (2) operators reserving funds in excess of the 50 percent limitation.


ALTERNATIVES

If the Legislature desires to provide greater near-term utilization of the funds provided by the TDA, the following alternatives may be considered:

- The Legislature may amend the language of Section 99268.8 of the PUC--Waiver of Budget Requirements to include counties of over 500,000

- The Legislature may amend the language of the TDA to provide greater flexibility in the apportionment and allocation of TDA funds.

Respectfully submitted,


JOHN H. WILLIAMS
Auditor General

December 6, 1977

Staff: Thomas W. Hayes, Assistant Auditor General
Kenneth A. Mason
Donald L. Truitt

EDMUND G. BROWN JR.
GOVERNOR



OFFICE OF THE SECRETARY
Business and Transportation Agency

1120 N STREET, P.O. BOX 1139

SACRAMENTO 95805

December 2, 1977

DEPARTMENTS

ALCOHOLIC BEVERAGE CONTROL
BANKING
CALIFORNIA HIGHWAY PATROL
CALIFORNIA HOUSING FINANCE AGENCY
CORPORATIONS
HOUSING AND COMMUNITY DEVELOPMENT
INSURANCE
MOTOR VEHICLES
REAL ESTATE
SAVINGS AND LOAN
TRANSPORTATION

Mr. John H. Williams
Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

Dear Mr. Williams:

At my request, the Department of Transportation has reviewed your draft report Number 721, entitled, "Availability of Transportation Development Act Funds; December 1977". Enclosed you will find the Department's response with which I concur.

Thank you for the opportunity to review the report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard T. Silberman".

RICHARD T. SILBERMAN
Secretary
Business & Transportation Agency

Enclosure

Memorandum

To : Mr. Richard T. Silberman
Secretary of Business and
Transportation Agency

Date : December 2, 1977

File No.:

From : **DEPARTMENT OF TRANSPORTATION**
Director's Office

Subject: Auditor General Draft Report No. 721

In response to your request, we have reviewed the subject draft report. The Auditor General and his staff are to be commended on the comprehensive study undertaken to produce the report. We believe that the report will provide excellent and timely information to the Legislature on current Transportation Development Act (TDA) issues and funding problems faced by affected transit operators.

The report correctly identifies the Apportionment Restriction (see page 18) contained in Public Utilities Code Section 99232 as partly responsible for accumulation of TDA funds throughout the State. However, we believe the explanation of Section 99232's impact needs clarification. Section 99232 restricts TDA funding to transit purposes in counties of 500,000 population or more only in the area of eligible transit operators. Those areas outside the transit operators' service area, as defined by Section 99231, may claim TDA funds for streets and roads purposes. We believe the major problem with Section 99232 is the lack of flexibility in these areas which may use the funds totally for either of these purposes, but not both. Often this has resulted in decisions against transit service implementation in these areas because the area would lose its eligibility to use any of the TDA funds for streets and roads purposes. An additional reason for the build-up in reserves in some of these areas has been the policy decision of the Transportation Planning Agency to accumulate TDA funds for a future transit purpose and not the result of the restrictions imposed by Section 99232.

With respect to the alternatives proposed on page 32, we would favor the second alternative, i.e., amend the Act to provide greater flexibility in the apportionment and allocation of TDA funds. We have testified to this many times in legislative hearings. The first alternative, i.e., to expand the Waiver of

Mr. Richard T. Silberman
Page 2
December 2, 1977

Budget Requirements to include counties of over 500,000, will result in an unnecessarily expensive and time-consuming process to alleviate conditions that are caused by an arbitrary percentage, rather than addressing the fundamental cause of the problem.

Adriana Gianturco

ADRIANA GIANTURCO
Director of Transportation

ALLOCATION LIMITATIONS

99268. The expenditure of the funds received under this article by an operator may in no year exceed 50 percent of the amount required to meet operating, maintenance, and capital and debt service requirements of the system after deduction therefrom of approved federal grants estimated to be received. Notwithstanding the 50-percent limitation, the amount budgeted for capital requirements in any year or other period up to five years, less the amount of federal and other state funds granted or approved therefor, may be allocated and expended for capital improvements to a grade-separated mass transit system, if construction of such facilities has been found to be not inconsistent with the regional transportation plan of the transportation planning agency. Within such five-year period, the transportation planning agency may order the amount of the allocation in any year to be set aside and accumulated for accomplishment of the particular project.

EXEMPTION FOR NEW SERVICES

99268.5. (a) *The limitations of Sections 99267 and 99268 shall not apply to funds allocated for the operation of a public transportation system by an operator during the operator's first five fiscal years of operation, or to funds allocated for the extension of public transportation services as a result of territorial annexation or pursuant to the provisions of Section 99288 for the first five fiscal years of extension of such services, and which operation or extension of service began after June 30, 1972.*

(b) *Commencing July 1, 1977, the expenditure of the funds received under this article during the fifth year of operation of a public transportation system, or of such extension of public transportation services, shall not exceed 75 percent of the amount required to meet operating maintenance, and capital and debt service requirements of the system or extension, as the case may be, after deduction therefrom of approved federal grants estimated to be received for the system or extension.*

Amended by Ch. 1348 Statutes of 1976 (SB 1687).

RESTRICTIONS ON JOINT POWERS ENTITIES

99268.6.* If a joint powers entity providing public transportation services was funded at any time pursuant to Section 99268.5 and is subsequently dissolved, any succeeding joint powers entity providing such services shall not be eligible for funding under that section except for that portion of a five-year period during which the prior joint powers entity was not funded under that section.

Added by Ch. 1348 Statutes of 1976 (SB 1687).

FUNDS FOR CAPITAL INTENSIVE PROJECTS

99268.7.* Any unallocated funds resulting from the limitations of Sections 99268, 99268.5, and 99269 may be used for capital intensive transit-related improvements, including, but not limited to, park-and-ride lots, terminal facilities, bus waiting shelters, and exclusive lanes for buses.

Added by Ch. 1348 Statutes of 1976 (SB 1687).

WAIVER OF BUDGET REQUIREMENTS

99268.8.* An operator in a county with a population of less than 500,000, as determined by the 1970 federal decennial census, may be relieved of the requirements of Sections 99268 and 99268.5 for a period not to exceed two years by the State Transportation Board if the board finds all of the following:

(a) The service being provided by the operator is in conformity with the regional transportation plan.

(b) Efforts have been made by the operator to obtain other available funds.

(c) The service provided by the operator is being efficiently managed.

(d) There are unique patterns of development and service which contribute to an unusually low ratio of passengers per vehicle mile.

(e) There is a transit-dependent population isolated in sparsely settled areas.

Added by Ch. 1348 Statutes of 1976 (SB 1687).

BUDGET WAIVER PROCESS

99268.9.* An operator seeking a waiver from the requirements of Sections 99268 and 99268.5 shall submit an application therefor to the Department of Transportation for evaluation on the basis of the criteria set forth in Section 99268.8. The department shall submit its recommendations to the State Transportation Board, on the application within 60 days after receiving it.

The board shall expeditiously act on the application, and shall condition any waiver granted that the operator improve its operational efficiency to achieve a specified goal to minimize its operational deficits by the end of the waiver period and shall impose any other condition on the waiver deems appropriate to improve the operational efficiency of the operator.

Added by Ch. 1348 Statutes of 1976 (Sb

* The code sections presented in this Appendix do not include amended language as a result of the passage of Chapter 1043, Statutes of 1977 (SB 759).

APPORTIONMENT RESTRICTION

99232. For counties with a population of 500,000 or more, as determined under Section 28020 of the Government Code, as now or hereafter amended, but excluding counties with more than 4,500 miles of maintained county roads, the amount representing the apportionments of the areas of all operators shall be available solely for claims for Section 99234 purposes and for Article 4 (commencing with Section 99260) and Article 4.5 (commencing with Section 99275) purposes, and any such moneys not allocated in any year shall be available for such claims in subsequent years.

Amended by Ch. 1348 Statutes of 1976 (SB 1687).

THE 54 TRANSIT OPERATORS NOT CURRENTLY BOUND
BY 50 PERCENT LIMITATION* WHO ARE RECEIVING TDA FUNDING
IN EXCESS OF 50 PERCENT LIMITATION BASED ON
FISCAL YEAR 1976-77 BUDGETS

| Operator | Location By County | Number Of Vehicles | Operating And Capital Budget | Federal Funding | TDA Funding | Other Funding | Percent of TDA Funding To Total Less Federal Funding | TDA Funds In Excess of Section 99268 Limitation |
|---------------------------------|--|-----------------------|------------------------------------|---------------------|---------------------|---------------------|--|--|
| San Mateo Transit District | San Mateo | 96 | \$ 14,752,900 | \$ 7,975,300 | \$ 5,552,000 | \$ 1,225,000 | 81.9% | \$2,163,500 |
| Riverside Transit Agency | Riverside | 24 | 7,356,360 | 4,273,400 | 2,674,694 | 408,266 | 86.8 | 1,133,214 |
| Omnitrans | San Bernardino | 90 | 4,663,551 | 2,019,106 | 2,093,122 | 551,323 | 79.2 | 770,900 |
| Sacramento Regional Transit | Sacramento | 233 | 14,095,875 | 2,871,900 | 6,172,100 | 5,051,875 | 55.0 | 560,112 |
| North San Diego County Transit | San Diego | 76 ^{b/} | 6,115,333 | 2,545,321 | 2,319,312 | 1,280,000 | 64.4 | 519,906 |
| South Coast Area Transit | Ventura | 42 | 3,061,125 | 1,352,544 | 1,361,981 | 346,700 | 79.7 | 567,551 |
| Bakersfield--Golden Empire | Kern | 32 | 2,230,750 | 572,480 | 1,057,530 | 650,740 | 61.9 | 297,395 |
| Modesto | Stanislaus | 16 | 984,616 | 433,008 | 410,108 | 141,500 | 74.3 | 124,700 |
| City of Napa | Napa | 3 | 375,153 | 0 | 317,158 | 58,000 | 84.5 | 129,579 |
| County of Riverside | Riverside | 3 ^{a/} | 354,000 | 101,200 | 242,100 | 10,700 | 95.8 | 115,700 |
| Simi Valley | Ventura | 8 | 807,500 | 438,500 | 274,000 | 45,000 | 85.9 | 114,500 |
| Vallejo | Solano | 19 | 792,370 | 139,370 | 410,000 | 193,000 | 68.0 | 108,500 |
| Pacific Grove | Monterey | 3 | 162,666 | 0 | 153,666 | 9,000 | 94.5 | 72,333 |
| Palm Springs/Desert Hoc Springs | Riverside | 7 | 424,954 | 50,204 | 253,220 | 121,530 | 67.6 | 65,860 |
| Petaluma | Sonoma | 5 | 177,165 | 2,698 | 148,257 | 26,300 | 94.9 | 60,978 |
| Salinas | Monterey | 5 | 772,800 | 539,460 | 176,740 | 56,600 | 75.7 | 60,070 |
| Monterey Peninsula Transit | Monterey | 22 | 2,496,656 | 1,323,375 | 645,966 | 527,315 | 55.1 | 59,325 |
| Fairfield | Solano | 5 ^{a/} | 182,500 | 0 | 143,500 | 39,000 | 78.6 | 52,250 |
| Orinda Vista | San Diego | 10 | 354,570 | 0 | 226,925 | 127,645 | 74.0 | 49,640 |
| Placer County | Placer | 4 | 121,325 | 0 | 109,625 | 11,700 | 30.4 | 48,967 |
| Merced | Merced | 6 | 444,987 | 278,572 | 130,570 | 35,845 | 78.5 | 47,362 |
| City of Riverside | Riverside | 5 | 185,000 | 92,500 | 92,500 | 0 | 100.0 | 46,250 |
| Santa Maria/Guadalupe | Santa Barbara | N/A | 165,000 | 41,000 | 108,000 | 16,000 | 87.1 | 46,300 |
| Menocino Transit Authority | Menocino | 5 | 141,066 | 2,400 | 113,066 | 25,600 | 30.2 | 42,533 |
| Eureka | Humboldt | 3 | 160,900 | 0 | 120,000 | 40,300 | 74.6 | 39,600 |
| Marysville/Yuba City | Yolo/Sutter | 24 ^{c/} | 166,808 | 0 | 120,808 | 46,000 | 72.4 | 37,404 |
| Santa Rosa | Sonoma | 13 | 934,100 | 353,050 | 326,623 | 254,427 | 56.2 | 36,098 |
| Remet | Riverside | 5 ^{a/} | 98,025 | 0 | 24,433 | 13,592 | 86.1 | 35,420 |
| Barstow | San Bernardino | 3 ^{b/} | 97,659 | 0 | 81,300 | 16,659 | 82.9 | 32,170 |
| County of San Diego | San Diego | 2 | 83,020 | 7,020 | 70,000 | 6,000 | 82.1 | 32,000 |
| Camarillo | Ventura | 1 ^{b/} | 32,463 | 0 | 73,073 | 3,200 | 85.6 | 31,841 |
| Tahoe Area Regional Transit | Placer | 5 ^{a/} | 79,332 | 0 | 69,332 | 10,000 | 87.4 | 29,556 |
| La Mesa | San Diego | 6 ^{a/} | 172,400 | 0 | 114,900 | 57,500 | 66.6 | 28,700 |
| Lake Elsinore | Riverside | 1 | 70,851 | 0 | 62,851 | 8,000 | 38.7 | 27,426 |
| Turlock | Stanislaus | 6 | 214,817 | 57,600 | 104,417 | 52,800 | 65.4 | 25,800 |
| Carpentaria | Santa Barbara | 2 | 58,500 | 0 | 51,350 | 7,150 | 87.7 | 22,100 |
| Grass Valley--Nevada City | Nevada | 3 | 88,251 | 0 | 66,151 | 22,100 | 75.0 | 22,025 |
| Yolo County--Mini Trans | Yolo | 3 | 44,468 | 0 | 43,468 | 1,000 | 97.8 | 21,234 |
| San Jacinto | Riverside | 2 ^{a/} | 47,259 | 0 | 44,549 | 2,750 | 94.2 | 20,900 |
| Ardata and Mad River | Humboldt | 4 ^{a/} | 114,070 | 0 | 76,320 | 37,850 | 66.3 | 19,185 |
| County of Napa | Napa | 1 ^{a/} | 46,100 | 0 | 40,000 | 6,100 | 86.8 | 16,950 |
| Hollister | San Benito | 4 ^{a/} | 101,025 | 30,720 | 51,305 | 19,000 | 72.4 | 15,582 |
| Davis | Yolo | 1 | 32,175 | 0 | 30,891 | 1,284 | 96.0 | 14,688 |
| Appurn | Placer | 1 | 25,279 | 0 | 25,000 | 279 | 98.9 | 12,360 |
| Folsom | Sacramento | 1 | 21,722 | 0 | 21,722 | 0 | 100.0 | 10,851 |
| Nevada County--DAR | Nevada | 1 ^{a/} | 20,221 | 0 | 13,076 | 2,145 | 89.4 | 7,965 |
| Banning | Riverside | 3 | 82,900 | 34,400 | 31,600 | 16,900 | 65.2 | 7,250 |
| Benicia | Solano | 2 ^{a/} | 23,500 | 0 | 19,000 | 4,500 | 80.9 | 7,250 |
| Sebastopol | Sonoma | 1 | 14,500 | 0 | 14,000 | 500 | 96.6 | 6,750 |
| Healdsburg | Sonoma | 2 | 17,205 | 2,205 | 14,000 | 1,000 | 93.3 | 5,500 |
| Dixon | Solano | 1 | 6,720 | 0 | 7,200 | 1,520 | 82.6 | 2,840 |
| St. Helena | Napa | 1 ^{a/} | 8,560 | 3,000 | 4,000 | 1,560 | 71.9 | 1,220 |
| County of Sierra | Sierra | 1 ^{a/} | 3,130 | 2,400 | 550 | 180 | 75.3 | 185 |
| A/C Transit | Contra Costa, Alameda, San Francisco | 812 | 72,486,000 | 17,012,000 | 7,280,200 | 49,196,000 | ** | ** |
| | | | <u>\$136,703,227</u> | <u>\$42,654,513</u> | <u>\$34,254,059</u> | <u>\$59,795,625</u> | | <u>\$7,685,356</u> |

a/ Vans
b/ Busses and Vans
c/ Taxi Cabs

* Above operators are currently exempt from 50 percent limitation based on one or more of the following: Section 99268.5--Exemption for new service
Section 99268.7--Funds for Capital Intensive Projects

**A/C Transit is providing contract service to regions of Contra Costa County and Alameda County which are not part of the transit district. These areas will be affected by the 50 percent limitation in the future and are presently using TDA funds in excess of the 50 percent limitation for contract service with A/C Transit. We were not able to determine the percentage or excess received from the records we reviewed.

Office of the Auditor General

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps