# CHAPTER 4

# FUNDING

The ability of transportation services to meet and satisfy demand is greatly impacted by their ability to identify and secure funding. With respect to the S.5311(f) program, the Caltrans – Division of Mass Transportation (DMT) has conducted an annual competitive process to determine which projects best satisfy the national and statewide objectives of rural connectivity and intercity bus services. Project applications are scored by a committee of staff members and others to determine how well they satisfy these objectives. High scoring projects receive S.5311(f) awards to support their operations or provide capital to support rural intercity services. In this section, we review the current funding program and its policy parameters, the ability of existing funding services to meet existing and unmet needs, options for alternative funding sources, and discussion of potential program implications.

## CALIFORNIA S.5311/S.5311(F) PROGRAM

As discussed in Chapter 1, there are federal policies that guide state S.5311 allocation amounts and allow for states to authorize 15 percent of these funds to support intercity bus service through the S.5311(f) program. The S.5311 allocation amounts for California are shown in Table 4-1 along with the corresponding S.5311(f) amounts. There are also state policies that provide more direction in the allocation of these program funds. In California, based on the S.5311 application (Cycle 25), in order to access S.5311(f) funds the applicants must file an application with Caltrans Headquarters-DMT by early spring and the determination on project funds are made in the summer. The project awards are advertised and the fund are disbursed in early autumn.

### Program Restrictions

The S.5311(f) program administration varies from state to state as a result of additional state policies and regulations. As discussed in Chapter 1, in California there is legislative and local oversight that has an important role in the development and establishment of, and support for, local transportation projects. However, the point of discussion here centers on policies that the state has enacted as part of the S.5311(f) program.

In the Caltrans program, these additional policies include an annual cap on project size and limits on period of performing. The S.5311(f) program, as administered by Caltrans, does impose a $200,000 per project award amount.

**Table 4-1: 5311 FTA APPORTIONMENT FOR CALIFORNIA AND S.5311(f) AMOUNTS**

| Federal Fiscal Year | S.5311 | S.5311(f)[1] |
|---|---|---|
| 2009 | $23,115,509 | $3,467,326 |
| 2008 | $21,869,156 | $3,280,373 |
| 2007 | $20,219,648 | $3,032,947 |
| 2006 | $19,491,071 | $2,923,661 |
| 2005 | $10,727,747 | $1,609,162 |
| 2004 | $10,249,275 | $1,537,391 |

[1] S.5311(f) were caculated using the 15% allocation level.

Source: FTA, Annual Apportionments (www.fta.dot.gov)

As for limitations on the length of time allowed for a project, this will vary with the type of project and will have changed over time. For example, vehicle project awards are allowed a project period of 24 months, while transit facility projects are allowed multi-year periods to expend funds. Caltrans has made several modifications to award terms since the early 1990s. Following the passage of the Intermodal Surface Transportation Efficiency Act of 1991, the funding program supporting rural intercity services was administered and funds dispersed on an annual basis, as is the case today. However, initially these funds were perceived as one-year seed money in which systems would become self-sustaining operations at the end of the year, and a project could not receive operating funds after that initial year. In 1994-1995, Caltrans' S.5311(f) program administration was modified to allow for a project to potentially receive annual operating funding for up to three years. In this arrangement, systems were supported with operating funds for three years. At the end of the third year, the operator, it was anticipated, would be self-sustaining and could no longer receive operating funds. In 2005, the three-year limit on operating funds was removed and projects could receive annual funding for a fourth or fifth year. Now, as noted above, the type of project is also associated with an award term – with capital projects allowed a longer period.

As for matching ratios, the Cycle 25-S.5311 Application provides that for Operational assistance, the federal share is 55.33 percent and for Capital assistance the federal share is 88.53 percent. A funding history is provided in Table 4-2 and tabulates the annual amounts that were awarded for Operations and Capital projects for grant years, 13, 14 (Cycle 24), and 15 (Cycle 25). These category amounts reveal that the general trend has been to award projects that fund operations and the purchase of vehicles. Within these grant cycles, there are only two cases in which funds were awarded for the construction of a facility.

**Table 4-2: PROJECT AWARD TOTALS BY TYPE**

| Grant Cycle | Project Type | | Total | S.5311(f)[1] |
|---|---|---|---|---|
| | Operations | Capital | | |
| 13 | $1,262,091 | $200,000 | $1,462,091 | $3,032,947 |
| 14 | $1,670,930 | $318,666 | $1,989,596 | $3,280,373 |
| 15 | $2,002,648 | $669,995 | $2,672,643 | $3,467,326 |

[1]Based on FTA allocation for the State of California and calculation of the 15% for S.5311(f).

### Local Funding Sources

An important component in the establishment and provision of these public transportation services is the ability of the local entities to provide a local match to access federal funds. In California, local entities have the opportunity to use Local Transportation Fund and State Transit Assistance monies for local match in the S.5311 program. However, as these funds are programmed through the Transportation Development Act, there are also conditions that are applied to these funds. Most important is that the operator must maintain a ratio of fare revenues to operating cost of ten percent, in the non-urbanized areas. Considering the population densities and distances required for travel in the rural areas, this condition can be difficult to satisfy.

Applicants for S.5311(f) funds are encouraged to pursue other sources of local revenue that can be used as matching monies for accessing federal funds. This component also encourages applicants to consider other sources of funds. Below is a list of some of the "Local Share" sources that were identified in applications for S.5311(f) funds:

- County Jurisdictions – General Fund or Tax Measure
- Interest Income
- Federal Planning Assistance
- National Park Service (Yosemite Area Transit System)

Given the limited revenue matching sources, this places the service providers in a precarious situation in that they are mostly dependent on S.5311(f) awards for continued operations. This also assumes that the state will continue to certify that it has no "unmet needs" as required by the S.5311 program in order to program S.5311(f) funds, that these projects will continue to be selected for funding, and that Caltrans will allow extensions of the previous award term limits.

## ADEQUACY OF FUNDING

Having reviewed S.5311 program parameters, the following examination of state S.5311(f) allocation amounts compared to the amount requested is important in identifying how

much more need exists than the existing levels of program funds can support. During the outreach efforts, several corridors were identified as having a need for rural intercity services that also connect with the national intercity bus carriers. Operation cost estimates were derived for these corridors. Also, with respect to S.5311(f) award types, there seems to be more demand for new/improved services rather than capital. This is also discussed in the following paragraphs.

**Unmet Needs**

Existing S.5311(f) projects used 77 percent of available S.5311(f) funding, and in recent grant cycles the amount of funding requested has exceeded the total awarded. In that sense, the demand for funding already exceeds available funds. However, in this project the demographic analysis of potential needs and the outreach effort have both identified additional service needs, which would result in greater funding needs.

Based on the demographic analysis, public outreach meetings, and phone conversations with the private carrier industry, a number of routes were identified as potentially meeting unmet needs, having potential for sustaining intercity bus services, and/or establishing a meaningful connection between local/regional services and intercity services. These conceptual routes were reviewed and included in Table 4-2, and are represented in Figure 4-1. The table contains cost estimates for each of the routes that may constitute potential projects for consideration under the S.5311(f) program.

**Cost Estimates for Identified Unmet Needs**

The estimated operating costs and associated net operating deficits for each route identified in the table provide the state an opportunity to review the potential demand for additional funding. Based on a $3.00 cost per mile figure, operating costs were calculated for each route identified. However, in some of the corridors identified, there is already some form of intercity service. Two scenarios were developed in which operations were assumed to occur 365 days of the year: 1) a base case with one roundtrip per day (Table 4-3) and 2) multiple roundtrips per day depending on frequency of intercity bus at connecting stops (Table 4-4). These costs help us understand 1) the anticipated annual costs of operating proposed service, and 2) the anticipated request for S.5311(f) funds.

During discussions with GLI, their staff identified several routes as having the potential to provide a high level of feed traffic to the remaining GLI service. Their input is largely based on the firm's previous experience providing service in these corridors. The four major corridors identified traverse various regions of the state, and in several cases they identified needs that are already served. Specifically:

- ***Eureka-Arcata to Coos Bay, Oregon*** – cost estimates for this corridor were not developed because regional transit service already exists. The Curry County Public Transit, based in Brookings (OR), provides regional service from Coos Bay (OR) to GLI. service in Crescent City (CA). Transit service between Eureka-Arcata to Crescent City is operated by Redwood Coast Transit Authority and receives S.5311(f)

**Figure 4-1: EXISTING AND CONCEPTUAL INTERCITY TRANSIT SERVICE IN CALIFORNIA**

## Table 4-3: CONCEPTUAL ROUTES (1 Roundtrip/day)

| | | Level of Service - Near Term | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Corridor | Cities | Existing Service | One-Way Miles | Type | Proposed # Roundtrips/Day | Daily Miles | Days of Service | Annual Miles | Cost per Mile | Annual Operating Cost | 10% FB Rec. | Net Oper. Deficit | Projected 5311(f) Operating Share |
| **I-40 to I-15** | **Needles-Barstow-Victorville-San Bernardino1** | **yes** | **215** | **ICB** | **1** | **430** | **365** | **157,000** | **$3.00** | **$471,000** | **$47,100** | **$423,900** | **$235,000** |
| **I-15** | **Baker-Barstow2** | **yes** | **64** | **ICB** | **1** | **128** | **365** | **47,000** | **$3.00** | **$141,000** | **$14,100** | **$126,900** | **$70,000** |
| **I-15 to I-215** | **Baker-Barstow-San Bernardino3** | **yes** | **134** | **ICB** | **1** | **268** | **365** | **98,000** | **$3.00** | **$294,000** | **$29,400** | **$264,600** | **$147,000** |
| **CA-14 to CA-58** | **Lancaster-Bakersfield** | **yes** | **86** | **ICB** | **1** | **172** | **365** | **63,000** | **$3.00** | **$189,000** | **$18,900** | **$170,100** | **$94,000** |
| **CA-140** | **Merced-Yosemite** | **yes** | **66** | **ICB** | **1** | **132** | **365** | **48,000** | **$3.00** | **$144,000** | **$14,400** | **$129,600** | **$72,000** |
| **CA-99** | **Elk Grove-Chowchilla (thru Stockton, Merced)4** | **yes** | **118** | **ICB** | **1** | **236** | **365** | **86,000** | **$3.00** | **$258,000** | **$25,800** | **$232,200** | **$129,000** |
| **I-5** | **Redding-Red Bluff-Corning-Sacramento5** | **yes** | **162** | **ICB** | **1** | **324** | **365** | **118,000** | **$3.00** | **$354,000** | **$35,400** | **$318,600** | **$177,000** |
| **I-5 to CA-32** | **Redding-Red Bluff-Corning-Chico6** | **yes** | **83** | **ICB** | **1** | **166** | **365** | **61,000** | **$3.00** | **$183,000** | **$18,300** | **$164,700** | **$91,000** |
| | **Bakersfield-Ford City/Taft** | **yes** | **37** | **ICB** | **1** | **74** | **365** | **27,000** | **$3.00** | **$81,000** | **$8,100** | **$72,900** | **$40,000** |
| | Ridgecrest-Barstow-San Bernardino | no | 152 | ICB | 1 | 304 | 365 | 111,000 | $3.00 | $333,000 | $33,300 | $299,700 | $166,000 |
| I-40 to I-15 to I-215 | Needles-Barstow-San Bernardino | no | 214 | ICB | 1 | 428 | 365 | 156,000 | $3.00 | $468,000 | $46,800 | $421,200 | $234,000 |
| CA-41 | Fresno-Yosemite | no | 98 | ICB | 1 | 196 | 365 | 72,000 | $3.00 | $216,000 | $21,600 | $194,400 | $108,000 |
| CA-140 | Madera-Yosemite | no | 77 | ICB | 1 | 154 | 365 | 56,000 | $3.00 | $168,000 | $16,800 | $151,200 | $84,000 |
| CA-4 to CA-49 to CA-108 to US-395 | Tioga Pass-Lee Vining (thru Stockton) | no | 213 | ICB | 1 | 426 | 365 | 155,000 | $3.00 | $465,000 | $46,500 | $418,500 | $232,000 |
| CA-44 | Shingletown-Redding | no | 29 | ICB | 1 | 58 | 365 | 21,000 | $3.00 | $63,000 | $6,300 | $56,700 | $31,000 |
| CA-3 to CA-299 | Weaverville-Redding | no | 44 | ICB | 1 | 88 | 365 | 32,000 | $3.00 | $96,000 | $9,600 | $86,400 | $48,000 |
| CA-99 to I-5 to CA-273 | Corning-Redding | no | 50 | ICB | 1 | 100 | 365 | 37,000 | $3.00 | $111,000 | $11,100 | $99,900 | $55,000 |
| CA-36 to I-5 | Chester-Redding | no | 102 | ICB | 1 | 204 | 365 | 74,000 | $3.00 | $222,000 | $22,200 | $199,800 | $111,000 |
| I-5 | Red Bluff-Redding | no | 32 | ICB | 1 | 64 | 365 | 23,000 | $3.00 | $69,000 | $6,900 | $62,100 | $34,000 |
| US-101 to CA-299 | Eureka-Arcata-Redding | no | 147 | ICB | 1 | 294 | 365 | 107,000 | $3.00 | $321,000 | $32,100 | $288,900 | $160,000 |
| I-5 to I-505 to I-80 | Berkeley-Redding | no | 205 | ICB | 1 | 410 | 365 | 150,000 | $3.00 | $450,000 | $45,000 | $405,000 | $225,000 |
| CA-99 to CA-201 | Fresno-Cutler | no | 37 | ICB | 1 | 74 | 365 | 27,000 | $3.00 | $81,000 | $8,100 | $72,900 | $40,000 |
| CA-180 to CA-145 | Fresno-San Joaquin | no | 33 | ICB | 1 | 66 | 365 | 24,000 | $3.00 | $72,000 | $7,200 | $64,800 | $36,000 |
| I-5 | Sacramento-Colusa | no | 68 | ICB | 1 | 136 | 365 | 50,000 | $3.00 | $150,000 | $15,000 | $135,000 | $75,000 |
| CA-99 | Madera-Chowchilla-Merced | no | 35 | ICB-Local | 1 | 70 | 365 | 26,000 | $3.00 | $78,000 | $7,800 | $70,200 | $39,000 |
| CA-24 to I-680 | Oakland-Lafayette-Alamo | no | 20 | ICB | 1 | 40 | 365 | 15,000 | $3.00 | $45,000 | $4,500 | $40,500 | $22,000 |
| CA-267 | Truckee-Kings Beach | no | 15 | ICB | 1 | 30 | 365 | 11,000 | $3.00 | $33,000 | $3,300 | $29,700 | $16,000 |
| | **Subtotal ICB Service** | | | | | | | | | **$5,556,000** | | | **$2,771,000** |
| | **Subtotal ICB excluding Existing Service** | | | | | | | | | **$3,441,000** | | | **$1,716,000** |
| US-395 | Ridgecrest-Kramer Junction | no | 49 | Reg | 1 | 98 | 365 | 36,000 | $3.00 | $108,000 | $10,800 | $97,200 | $54,000 |
| CA-99 to CA-46 | McFarland-Wasco | no | 12 | Reg | 1 | 24 | 365 | 9,000 | $3.00 | $27,000 | $2,700 | $24,300 | $13,000 |
| | **Subtotal Regional Service** | | | | | | | | | **$135,000** | | | **$67,000** |
| | | | | | | | | | | | | | |
| | **TOTAL** | | | | | | | | | **$5,691,000** | | | **$2,838,000** |
| | **TOTAL excluding Existing Service** | | | | | | | | | **$3,441,000** | | | **$1,716,000** |

Notes:

Bold denotes existing serrvices.

1. City website says city served twice daily by Greyhound, but our map shows only Barstow to San Bern served. Amtrak does run from Needles to Barstow, but no intercity bus for this segment.
2. Existing service by Greyhound, Amtrak feeder, Orange Belt, and Gray Line.
3. Existing service by Greyhound and Gray Line.
4. Existing service provided by Greyhound.
5. Existing service by Greyhound.
6. Existing service by Greyhound and Amtrak feeders. Corning to Chico segment is seasonal.

## Table 4-4: CONCEPTUAL ROUTES (Multiple Roundtrips/day)

| | | Level of Service - Near Term | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Corridor | Cities | Existing Service | One-Way Miles | Type | Proposed # Roundtrips/Day | Daily Miles | Days of Service | Annual Miles | Cost per Mile | Annual Operating Cost | 10% FB Rec. | Net Oper. Deficit | Projected 5311(f) Operating Share |
| **I-40 to I-15** | **Needles-Barstow-Victorville-San Bernardino[1]** | **yes (1/2)** | **215** | **ICB** | **4** | **1720** | **365** | **628,000** | **$3.00** | **$1,884,000** | **$188,400** | **$1,695,600** | **$940,000** |
| **I-15** | **Baker-Barstow[2]** | **yes** | **64** | **ICB** | **4** | **512** | **365** | **187,000** | **$3.00** | **$561,000** | **$56,100** | **$504,900** | **$280,000** |
| **I-15 to I-215** | **Baker-Barstow-San Bernardino[3]** | **yes** | **134** | **ICB** | **4** | **1072** | **365** | **391,000** | **$3.00** | **$1,173,000** | **$117,300** | **$1,055,700** | **$585,000** |
| **CA-14 to CA-58** | **Lancaster-Bakersfield[4]** | **yes** | **86** | **ICB** | **7** | **1204** | **313** | **377,000** | | **$400,834** | **$40,083** | **$360,750** | **$200,000** |
| **CA-140** | **Merced-Yosemite[4]** | **yes** | **66** | **ICB** | **6** | **792** | **365** | **289,000** | | **$801,667** | **$80,167** | **$721,501** | **$200,000** |
| **CA-99** | **Elk Grove-Chowchilla (thru Stockton, Merced)[5]** | **yes** | **118** | **ICB** | **4** | **944** | **365** | **345,000** | **$3.00** | **$1,035,000** | **$103,500** | **$931,500** | **$516,000** |
| **I-5** | **Redding-Red Bluff-Corning-Sacramento[6]** | **yes** | **162** | **ICB** | **4** | **1296** | **365** | **473,000** | **$3.00** | **$1,419,000** | **$141,900** | **$1,277,100** | **$708,000** |
| **I-5 to CA-32** | **Redding-Red Bluff-Corning-Chico[7]** | **yes** | **83** | **ICB** | **2** | **332** | **365** | **121,000** | **$3.00** | **$363,000** | **$36,300** | **$326,700** | **$181,000** |
| **CA-99 to CA-119** | **Bakersfield-Ford City/Taft** | **yes** | **37** | **ICB** | **4** | **296** | **365** | **108,000** | **$3.00** | **$324,000** | **$32,400** | **$291,600** | **$162,000** |
| US-395 to CA-58 | Ridgecrest-Barstow-San Bernardino | no | 152 | ICB | 4 | 1216 | 365 | 444,000 | $3.00 | $1,332,000 | $133,200 | $1,198,800 | $665,000 |
| I-40 to I-15 to I-215 | Needles-Barstow-San Bernardino | no | 214 | ICB | 4 | 1712 | 365 | 625,000 | $3.00 | $1,875,000 | $187,500 | $1,687,500 | $936,000 |
| CA-41 | Fresno-Yosemite | no | 98 | ICB | 4 | 784 | 365 | 286,000 | $3.00 | $858,000 | $85,800 | $772,200 | $428,000 |
| CA-140 | Madera-Yosemite | no | 77 | ICB | 2 | 308 | 365 | 112,000 | $3.00 | $336,000 | $33,600 | $302,400 | $168,000 |
| CA-4 to CA-49 to CA-108 to US-395 | Tioga Pass-Lee Vining (thru Stockton) | no | 213 | ICB | 4 | 1704 | 365 | 622,000 | $3.00 | $1,866,000 | $186,600 | $1,679,400 | $931,000 |
| CA-44 | Shingletown-Redding | no | 29 | ICB | 2 | 116 | 365 | 42,000 | $3.00 | $126,000 | $12,600 | $113,400 | $63,000 |
| CA-3 to CA-299 | Weaverville-Redding | no | 44 | ICB | 2 | 176 | 365 | 64,000 | $3.00 | $192,000 | $19,200 | $172,800 | $96,000 |
| CA-99 to I-5 to CA-273 | Corning-Redding | no | 50 | ICB | 2 | 200 | 365 | 73,000 | $3.00 | $219,000 | $21,900 | $197,100 | $109,000 |
| CA-36 to I-5 | Chester-Redding | no | 102 | ICB | 2 | 408 | 365 | 149,000 | $3.00 | $447,000 | $44,700 | $402,300 | $223,000 |
| I-5 | Red Bluff-Redding | no | 32 | ICB | 2 | 128 | 365 | 47,000 | $3.00 | $141,000 | $14,100 | $126,900 | $70,000 |
| US-101 to CA-299 | Eureka-Arcata-Redding | no | 147 | ICB | 2 | 588 | 365 | 215,000 | $3.00 | $645,000 | $64,500 | $580,500 | $322,000 |
| I-5 to I-505 to I-80 | Berkeley-Redding | no | 205 | ICB | 2 | 820 | 365 | 299,000 | $3.00 | $897,000 | $89,700 | $807,300 | $448,000 |
| CA-99 to CA-201 | Fresno-Cutler | no | 37 | ICB | 4 | 296 | 365 | 108,000 | $3.00 | $324,000 | $32,400 | $291,600 | $162,000 |
| CA-180 to CA-145 | Fresno-San Joaquin | no | 33 | ICB | 4 | 264 | 365 | 96,000 | $3.00 | $288,000 | $28,800 | $259,200 | $144,000 |
| I-5 | Sacramento-Colusa | no | 68 | ICB | 4 | 544 | 365 | 199,000 | $3.00 | $597,000 | $59,700 | $537,300 | $298,000 |
| CA-99 | Madera-Chowchilla-Merced | no | 35 | ICB-Local | 4 | 280 | 365 | 102,000 | $3.00 | $306,000 | $30,600 | $275,400 | $153,000 |
| CA-24 to I-680 | Oakland-Lafayette-Alamo | no | 20 | ICB | 4 | 160 | 365 | 58,000 | $3.00 | $174,000 | $17,400 | $156,600 | $87,000 |
| CA-267 | Truckee-Kings Beach | no | 15 | ICB | 2 | 60 | 365 | 22,000 | $3.00 | $66,000 | $6,600 | $59,400 | $33,000 |
| | **Subtotal ICB Service** | | | | | | | | | **$18,650,501** | | | **$9,108,000** |
| | **Subtotal ICB excluding Existing Service** | | | | | | | | | **$10,689,000** | | | **$5,336,000** |
| US-395 | Ridgecrest-Kramer Junction | no | 49 | Reg | 2 | 196 | 365 | 72,000 | $3.00 | $216,000 | $21,600 | $194,400 | $108,000 |
| CA-99 to CA-46 | McFarland-Wasco | no | 12 | Reg | 2 | 48 | 365 | 18,000 | $3.00 | $54,000 | $5,400 | $48,600 | $27,000 |
| | **Subtotal Regional Service** | | | | | | | | | **$270,000** | | | **$135,000** |
| | | | | | | | | | | | | | |
| | **TOTAL** | | | | | | | | | **$18,920,501** | | | **$9,243,000** |
| | **TOTAL excluding Existing Service** | | | | | | | | | **$10,689,000** | | | **$5,336,000** |

Red values are actual numbers.

Notes:

Bold denotes existing services.

1. City website says city served twice daily by Greyhound, but our map shows only Barstow to San Bern served. Amtrak does run from Needles to Barstow, but no intercity bus for this segment.
2. Existing service by Greyhound, Amtrak feeder, Orange Belt, and Gray Line.
3. Existing service by Greyhound and Gray Line.
4. The 5311(f) Operating amount for this route is the actual project award.
5. Existing service provided by Greyhound.
6. Existing service by Greyhound.
7. Existing service by Greyhound and Amtrak feeders. Corning to Chico segment is seasonal.

funds. GLI staff was unaware of this service, suggesting a need for improved connectivity and information sharing.

- ***Reno to Mammoth Lakes*** – cost estimates for this corridor were not developed because regional transit service already exists. Currently, Inyo Mono Transit provides limited fixed-route transit service on two routes that traverse the extent of the US 395 corridor between Reno (International Airport) and Ridgcrest, also known as the C.R.E.S.T. route. In Ridgecrest, users have the opportunity to connect with Kern Regional Transit services and access intercity rail and bus services. However, there is very limited connectivity to the national intercity bus network (GLI). Currently, Inyo Mono Transit receives S.5311(f) funds to operate this service.

- ***Lakeport to San Francisco*** – cost estimates for this corridor were not developed because regional transit service already exists. Currently, Lake Transit Authority provides limited stop fixed-route service between Lakeport and Ukiah. In Ukiah connections are available with GLI, Amtrak Thruway Bus, and Mendocino Transit Authority. Lake Transit Authority receives S.5311(f) funds to operate this service. Again, GLI seemed to be unaware of the service, suggesting that it receives no feed traffic.

- ***Eureka-Arcata to Redding*** – the cost estimates for this route are provided in Table 4-2. Considering the distance between these two locations, limited service is only possible. In the one roundtrip per day cost estimate for 365 days a year and a ten percent farebox recovery would have a net operating deficit of $288,900 per year, while two roundtrips would have a net operating deficit of $580,500.

- For the identified Eureka-Arcata to Redding route identified, if it is funded with "in-kind" at 100 percent of net operating deficit minus an anticipated 10 percent farebox recovery, the cost estimate is $580,500 and, based on Cycle 25 operation funds dispersed, is approximately 22 percent of those funds. This route cost estimate surpasses the $200,000 maximum grant award for operations projects as prescribed by the California S.5311(f) program. The private carrier industry expressed limited interest in using their in-kind miles to serve this route because of the low ridership, high costs, and high subsidy requirements experienced when GLI operated this route in 2002. Average loads at that time ranged from 3.0 to 5.9 passengers varying by month, for two roundtrips per day this was the equivalent of 30 to 95 cents per mile – typically about 80 cents per mile. With a $3.00 cost per mile, this would require a farebox recovery of 27 percent.

- ***Santa Rosa to Sacramento*** - cost estimates for this corridor were not developed because there was no identifiable direct route between the two cities. GLI did mention some demand for services between these two cities, but uncertain of any magnitude.

- ***Monterey Bay Peninsula*** – cost estimates for this corridor were not developed because regional transit service already exists. GLI mentioned that it would be

willing to connect with regional service, as long as it did not require much deviation from its operations along the US 101 corridor. Again, GLI seems to be unaware that there is a local transit operator that currently provides services that access the intercity bus network in the region. The Monterey Salinas Transit receives S.5311(f) funds for support of service from King City, along US 101, and into the Monterey Peninsula (Monterey Transit Plaza) for weekend service (Line 23) and daily express service (Line 53).

**Total Potential Funding Needs**

Some of the routes identified in the outreach process do not, as proposed, provide for a connection to the national intercity bus network. These are included as "regional routes". These regional services were also mapped and costs were estimated. An additional $748,000 would be required to address these longer-distance services that do not connect rural communities with the national intercity bus network, but address other needs. Without modifications these services should really be considered as candidates for funding from other sources.

In total, for transportation services to satisfy demands of currently unserved corridors, the total net operating costs for all of the listed services is estimated at $1,716,000 for all services operating one roundtrip/day and $5,336,000 for operations involving multiple roundtrips. Given the annual S.5311(f) apportionment, this cost estimate exceeds the state apportionment for S.5311(f) funds. Also, this estimate only addresses costs for services that currently do not exist. Combining existing funding and the estimates for "low" level of service on all the corridors with unmet needs, the total combined cost would be $4,388,643. While this figure ($4,388,643) is higher than the current level of S.5311(f) funding available, it is approximately one million greater than the anticipated FY09 allocation of $3,467,326, suggesting that if existing funding were targeted more to operations, more needs could be met. These services address transit demands that access the national intercity bus network.

One way to focus available funding on meeting these needs of providing service on this network would be to use performance data to justify funding allocations away from less productive services. A review of performance data provides invaluable insight on the ability of the operator to provide services. It is also important to understand that performance data can be reviewed in light of the unique circumstances that rural or frontier communities face: long distances and dispersed populations.

It would also be beneficial to understand an overall distribution of the capital and operating costs of the state S.5311(f) funds. It may be that a more selective process for capital grant awards can redistribute funds so that a larger portion of the funds can be accessible for operation purposes or allow for the commencement of new/improved services within a more immediate time frame.

**Breakdown of Capital vs. Operations Funds**

In reviewing the potential for addressing the unserved corridors identified in this study, a brief review of capital and operation grant awards is necessary. Capital grant award amounts

have increased during the last three grant cycles. The most recent grant awards provide capital funds that constitute 25 percent of the total S.5311(f) program award amount. Considering that there may be capital already available for some of these proposed routes, meaning that there may be interested applicants that have access to vehicles, it may be more beneficial for the S.5311(f) program to focus on operation assistance.

Considering a slight shift in emphasis to operations, it may be necessary to improve upon the existing eligibility criteria for capital projects. The improvement can be a more clearly defined set of criteria that encompass facilities/equipment that more directly impact the operation of the service: buses, shelters, benches, signs, and computers (for ticketing). Under this revised set of criteria for capital projects, approximately $400,000, would be available to support additional operations (based on the three most recent grant cycles). This does not necessarily make available a significant portion of funds, but overall this amount can potentially be used to support some additional operations, particularly those that have smaller net operating deficits.

### Overall Program Awards

When considering the total amount of grant awards and the amount requested per cycle for the three most recent grant cycles, it is evident that the S.5311(f) program has been able to satisfy a large portion of the requests. However, for Cycle 25, as mentioned earlier, there is a significant difference in the amount requested and the amount awarded: $2,145,024. This discrepancy is mainly because Caltrans did not select capital projects that were not directly related to the provision of the intercity service and transit services that have been determined to cater to a certain user, i.e. commuter service (under FTA Guidance commuter services are ineligible for Section 5311(f) funds). In that sense it may not reflect unmet need for the type of service addressed by S.5311(f), but rather needs for other types of service.

## RELATIONSHIP OF THE INTERCITY NETWORK TO THE INTERREGIONAL TRANSPORTATION STRATEGIC PLAN

As noted in Chapter 1, an important state policy guide addressing interregional transportation is the *Interregional Transportation Strategic Plan,* which presents the state vision for interregional transportation, including designated networks and the framework used by Caltrans in working with regional agencies to identify and prioritize improvements. It includes the Vision for the Interregional System and Strategies to Achieve the Vision. It addresses the state highway network, the intercity passenger rail network, Grade Separations and Mass Transit Guideways. Although the Plan and associated legislation provides a clear role for the state in providing for interregional mobility, there is no specific mention of the intercity bus network and its role in utilizing the designated Interregional Road System, Focus routes, or High Emphasis routes to provide for the movement of people around the state.

S.B. 45 defined the allocation of funds in support of the statewide interregional transportation system. It allocates state transportation funds for two categories: interregional and regional transportation needs. The State Transportation Improvement Program (STIP) - the

policy document that is comprised of approved projects addressing the interregional and regional priorities – will have funds made available from all available transportation funds, State Highway Account, Public Transportation Account, and federal transportation funds, after deducting Caltrans' annual administration costs, annual expenditures for the maintenance and operations of the state highway system, annual expenditures for the rehabilitation of the state highway system, annual expenditures for local assistance, and safety. Of these remaining funds, seventy-five percent are committed to the Regional Improvement Program and 25 percent to the Interregional Improvement Program, as codified in *Section 164 of the Streets and Highways Code*. The interregional improvements are allocated for larger capital improvements – state highway, intercity passenger rail, mass transit guideway, or grade separation. This section addresses the possibility of including intercity bus as part of the mass transit aspect of the Interregional Improvement Program.

Figure 4-2 presents existing intercity bus service, the S. 5311(f) routes, and the Conceptual routes identified earlier in this chapter together with the IRRS, and Table 4-5 presents a route-by route comparison of the intercity network with the IRRS, Focus routes and High Emphasis routes, both regionally and as a summary. As can be seen, much of the existing network is on the IRRS, including S. 5311(f) services, and most of the Conceptual (unfunded) services are also found on the IRRS. Because of this relationship between the networks, it would appear that a case could be made that state Interregional Improvement Program funding should be used to provide for intercity bus service on many of the routes (the intercity routes covered by S.5311(f) operations or unfunded Conceptual routes). This chapter provided estimates of the cost of providing operating assistance for these routes—in the overall amount of funding in the statewide program, these intercity routes would represent a small program change.

## POLICY/PROGRAM IMPLICATIONS

Based on the analysis of current policy, intercity/regional transit services, and funding needs, there are a number of implications for possible program changes. In most cases, these would require a modification of existing policy to include more concise and specific language defining an intercity project and for evaluating an application. These changes could focus available funding on identified unmet needs and on national program objectives.

The most important components that require some modification are the State's definition of "meaningful intercity connection", and the data requested in support of the proposed project in the application process. The more specificity included in the project application will assist in the evaluation process and allow local agencies opportunities to obtain a better understanding of the services the S.5311(f) program will support and dissuade others that are not in alignment with the goals and objectives of the program from applying for this source of funding.

**Figure 4-2:**
**EXISTING AND CONCEPTUAL INTERCITY TRANSIT SERVICE WITH IRRS IN CALIFORNIA**

**Table 4-5: STATEWIDE INTERCITY NETWORK AND INTERREGIONAL ROAD SYSTEM: SOUTHERN CALIFORNIA SECTION**

| | | | Funded by: | | | | Interregional System Priority / Category | | |
|---|---|---|---|---|---|---|---|---|---|
| **Agency/Operator** | **Corridor (Brief Description)** | **Carrier Type** | **5311(f) - Grant 13** | **5311(f) - Cycle 24** | **5311(f) - Cycle 25** | **Schedule/ Frequency[1]** | **Interregional Road[2]** | **High Emphasis[3]** | **Focus Route[3]** |
| **Conceptual** | McFarland to Wasco: SR 99, SR 46 | None | | | | | Y | Y (SR 46 - No) | Y (SR 46 - No) |
| Greyhound / Transportes Intercalifornias | **Bakersfield to Los Angeles: I-5** | Private | No 5311(f) funds. | | | | Y | Y | |
| Amtrak Thruway | **Bakersfield to Los Angeles: I-5** | Public | State funds | | | | Y | Y | |
| Kern Regional Transit | Bakersfield to Taft/Ford City: SR 58, SR 43, SR 119 | Public | | | | 5 inbound trips / 5 outbound trips per day, Mon-Fri. | SR-58 Only | SR-58 Only | SR-58 Only |
| Kern Regional Transit - East Kern Express | Bakersfield to Lancaster: SR 58, SR 14 | Public | | Y | Y | 7 inbound / 7 outbound trips per day, Mon.-Fri | Y | Y | Y |
| Greyhound/Orange Belt Stages | **Bakersfield to Barstow: SR 58** | Private | No 5311(f) funds. | | | | Y | Y | Y |
| Amtrak Thruway | **Bakersfield to Barstow: SR 59** | Public | State funds | | | | Y | Y | Y |
| **Conceptual** | Ridgecrest/Inyo Kern to Barstow: US 395, SR 58 | None | | | | | Y | Y | Y |
| Greyhound/Orange Belt Stages/Megabus/Lux Bus America | **Barstow to Las Vegas: I-15** | Private. No stops along corridor for Megabus. | No 5311(f) funds. | | | | Y | Y | |
| Amtrak Thruway (Bakersfield to Las Vegas) / Conceptual | **Barstow to Las Vegas: I-15** | Public | State funds | | | 2 outbound trips only for drop-off / 4 inbound trips daily. | Y | Y | |

**Table 4-5: STATEWIDE INTERCITY NETWORK AND INTERREGIONAL ROAD SYSTEM: SOUTHERN CALIFORNIA SECTION**

| | | | Funded by: | | | | Interregional System Priority / Category: | | |
|---|---|---|---|---|---|---|---|---|---|
| **Agency/Operator** | **Corridor (Brief Description)** | **Carrier Type** | **5311(f) - Grant 13** | **5311(f) - Cycle 24** | **5311(f) - Cycle 25** | **Schedule/ Frequency[1]** | **Interregional Road[2]** | **High Emphasis[3]** | **Focus Route[3]** |
| Greyhound/ Autobuses Americanos/ Megabus | **Los Angeles to Blythe: I-10** | Private. No Stops along corridor for Megabus. | No 5311(f) funds. | | | | Y | Y | |
| **Conceptual** | Barstow to Needles: I 40 | None | | | | | Y | Y | |
| Greyhound | Barstow-Victorville-San Bernardino: I 15, I 215 | Private | No 5311(f) funds. | | | 4 outbound trips daily / 3 inbound trips daily | Y | Y | |
| Greyhound/ Transportes Intercalifornias | **Indio to Calexico/El Centro: SR 86, SR 78/86, SR 111** | Private | No 5311(f) funds. | | | | Y | Y | Y |
| Amtrak Thruway | **Indio to Calexico/El Centro: SR 86, SR 78/86, SR 112** | Public | State funds | | | | Y | Y | Y |
| Greyhound/ Lux Bus America/ Transportes Intercalifornias/ Megabus | **Los Angeles to San Diego: I-5** | Private | No 5311(f) funds. | | | | Y | Y | |
| Amtrak Thruway | **Los Angeles to San Diego: I-5** | Public | State funds | | | | Y | Y | |
| Greyhound | San Diego to El Centro: I-8 | Private | No 5311(f) funds. | | | | Y | Y | |

Notes:
1. Schdule/Frequency based on most recent application and/or website information.
2. Interregional Road System (IRRS) as codified in Streets and Highway Code Section 164.10 - 164.30
3. If Route is not part of the IRRS, then it will also not be identified as a "High Emphasis" or "Focus" route.
4 Connectivity, based on all identified connecting services and schedules at destination points.
In certain cases, two records have been identified for one corridor. This data is entered in order to distinguish between existing public and private service.
Roadways - State Route (SR), Intertstate (I). State Route 49 = SR-49 and Interstate 5 = I-5

**"Unmet Needs"**

As a result of the outreach component of this study, a number of existing and proposed services were identified as potentially addressing statewide needs for rural intercity connectivity to the national network. One implication of the need to target available funding to these services would be to award additional points in the evaluation process to projects that address these needs.

**Definition of Meaningful Connection**

One of the national objectives for Intercity Bus, as prescribed by FTA Circular 9040.1F, is "to support the connection between nonurbanized areas and the larger regional or national system of intercity bus service." In this regard, Caltrans, like every other state, has the opportunity to identify select criteria that will support this objective. Specifically, considering a list of criteria for establishing a meaningful connection between these services, components that should be incorporated into the meaningful connection definition include:

- **Interlining** – making this a requirement will generate a direct route between scheduled services and allow users to purchase one ticket instead for the trip, and provide user information about the entire trip.

- **Shared Facility** – meaning that services offering connections should be housed in the same facility in order to produce the most convenient transfer. The distance between connecting services has a significant impact on the trip purpose of the individual, i.e. it can become too cumbersome to carry luggage if connecting services are ¾ of a mile apart. This also allows services to share facility space and market each other's services.

- **Scheduling** – establishing an order of magnitude that incorporates some sense of convenience between the connecting services. In essence, if a user must wait more than three hours for connecting service, does this suffice as a meaningful connection?

**Percentage Share of Intercity Service** – for projects that operate a percentage of overall transit operations as intercity bus service (making a meaningful connection), consider funding only the intercity trips with S.5311(f). Assuming that the projects satisfy national and state objectives for the S.5311(f) program, and are able to address an unmet need, then it is possible to fund that percentage that is directly associated with S.5311(f) service. For example, supporting a project that dedicates a proportion of transit operations to address commuter needs and allow for Job Access and Reverse Commute funds to support this service - this has been addressed by Caltrans in the most recent Cycle 25 applications.

**Directly Related Capital Investments** – limit capital requests to items that directly impact the provision of rural intercity bus services. The equipment requirements should include categories that directly correlate to the provision of transit operations, e.g., computer equipment for ticketing purposes, signs designating bus stops, or vehicles to be used on these routes. Also, the equipment requirements in the application should include more detailed information about

potential shared-use and a quantitative estimate of the proportion directly impacting intercity bus operations.

**Performance Measures** – the application requirements could include a component that measures the effectiveness of the service to be supported with S.5311(f) funds. As with any investment, measuring the productivity and identifying areas that can be modified for improved efficiencies are important components in sustaining operations and considering that resources do not necessarily keep pace with demand, having this knowledge is paramount. Recognizing that there is a distinction between rural and urban factors of productivity, when considering population density and route distances, this should not preclude any operator from reporting performance data. It is possible that orders of magnitude can be used to adjust performance data and allow for some comparison. Rural transit operators must provide operating data annually for the NTD – route or service level data could be used from these reports to evaluate S.5311(f) services.

**Use of In-Kind**

Generally, in-kind resources derive from other sources that are not necessarily cash, i.e. value of a vehicle or value of donated time, that are acceptable as part of the local match component. The FTA has initiated a two-year pilot program in which in-kind resources can be derived from national carriers that agree to participate in the provision of connecting services for the rural transit operators. A more detailed description is included in Appendix B.

**FTA Pilot Program.** This Pilot Program allows states to use the capital costs of private sector intercity-bus service as in-kind match for the operating costs of connecting rural intercity bus feeder service funded under 49 U.S.C. 5311(f). This option would allow Caltrans to allow the use of third-party in-kind capital costs of connecting service as local operating match. Under FTA guidelines, this would require that the operator of the connecting service be agreeable to use the capital value of their operating miles as match. Applicants may therefore be required to 1) acknowledge that they do not have such an agreement with a connecting unsubsidized carrier, recognizing that the success of their contract may be dependent on obtaining this agreement subsequent to selection, or 2) present evidence that they have consulted with a connecting carrier and that they therefore will have this match, or 3) provide the in-kind match from their own unsubsidized routes.

However, it is important to recognize that, the use of in-kind match does have the potential to quickly absorb the federal funds dedicated for rural intercity services because the entire net operating deficit may be eligible for federal funds rather than the 55.44 percent. Simply, the greater the in-kind match amount the greater the federal share of dollars that become available to sponsor the operator. Considering the many operating systems in the State of California, this may not be the best option for all systems to participate in. In this respect, the current cap of $200,000 may serve a greater purpose in limiting the use of in-kind match to only those areas that are able to establish an effective partnership and connection with a private carrier and do not have access to any other source of funds, and have relatively short routes. It is possible that the need for match may exceed the available in-kind, or that Caltrans may deem it necessary to contract for service on a route or service for which there is no agreeable connecting

carrier. In that case, additional local match from other sources would be needed, as California has no other mechanism with which to provide state funds as match.

**Productive Corridors/No Local Match Source**

The use of in-kind match may be limited to those corridors, which the private carrier feels likely to obtain feeder traffic. This also implies the ability for transit services to provide and maintain meaningful connections with private carriers and attract more riders. In some circumstances, it may be that local operators are not able to obtain local funding support and thus not satisfy the local match requirement. Here the in-kind match can assist the operator greatly in accessing federal funds to support this service; again, assuming that a meaningful connection is made between the two services and that the private carrier is willing to agree to provide the in-kind match.

**Demonstration Source**

It may be best to initially consider use of in-kind match as a source of funding for one or two demonstration projects that allow Caltrans to determine impacts on funding demand, grant application processes, and reimbursement procedures. Maybe this would also allow for development of a meaningful connection and partnership between the rural transit service and intercity carrier. Once ridership has been established and some factors of productivity have been evaluated, then there could potentially be more justification to establish local match sources for the services, or to expand the use of this funding technique.

**S.5311(f) Award Cap**

As briefly mentioned, the $200,000 award limit may serve to deter many applicants from considering the use of the in-kind match for accessing federal funds. The in-kind amount should be evaluated on its own merit for each project. This option would not allow for all current projects to continue receiving federal assistance. Project areas and justifications will all be different, and this should be taken into consideration when determining how best to distribute S.5311(f) funds.