TRANSIT TRANSFORMATION TASK FORCE MEETING 10

AGENDA ITEM: 4

SUBJECT: Findings and Policy Recommendations for the Report to the Legislature

a. Findings and policy recommendations on accessible transportation, including paratransit, dial-a-ride, and transit needs of seniors and people with disabilities.

b. Findings and policy recommendations on reforms needed to reduce capital project construction costs and timelines.

c. Findings and policy recommendations on Transportation Development Act reform for transit operations, funding, and unmet needs process

ACTION: Approve, deny, or amend initial policy recommendations related to accessible transportation, capital construction costs and timelines, and TDA reform.

RECOMMENDATION: Approve or amend initial policy recommendations related to accessible transportation, capital construction costs and timelines, and TDA reform.

BACKGROUND:

Senate Bill (SB) 125 established and convened the Transit Transformation Task Force (TTTF) to include transit representatives from various organizations to establish a structured, coordinated process for engagement of all parties to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services. The TTTF includes members representing transit operators, both small and large operating in urban and rural jurisdictions, the Department of Transportation, local governments, metropolitan planning organizations, regional transportation planning organizations, transportation advocacy organizations with expertise in public transit, labor organizations, academic institutions, the Senate Committee on Transportation, the Assembly Committee on Transportation, and other stakeholders. The legislation requires the California State Transportation Agency (CalSTA), in consultation with the TTTF, to prepare and submit a report of findings and policy recommendations to the appropriate policy and fiscal committees of the Legislature. This report includes identifying where statutory changes would be needed to implement recommendations based on the task force's efforts, and the financial and technical feasibility of those recommendations. Section 13979.3.e and section 13979.3.f include the required topics that must be addressed in the report, with section 13979.3.e requiring a detailed analysis on the listed topics, and section 13979.3.f requiring recommendations on the listed topics.

TTTF Meeting 5, was held in Los Angeles, California on August 29, 2024. Topics discussed include:

- Transportation Development Act reform for transit operations including, but not limited to, replacing the fare box recovery ratios and efficiency criteria with performance metrics that better measure transit operations - *Government Code Section 13979.3(1)(f)(6).*

TTTF Meeting 9, was held in Sacramento, California on March 11, 2024. Topics discussed included:

- Accessible transportation, including paratransit, dial-a-ride, and transit needs of seniors and people with disabilities - *Government Code Section 13979.3(1)(f)(1)(E)*

- Transportation Development Act reform for transit operations including, but not limited to, replacing the fare box recovery ratios and efficiency criteria with performance metrics that better measure transit operations- *Government Code Section 13979.3(1)(f)(6).*

- Reforms needed to reduce capital construction costs & timelines

This staff report contains an initial set of findings and recommendations on these topics, developed through discussions with Subject Matter Experts (SMEs), the Technical Working Group (TWG), and the TTTF.

DISCUSSION

A. ACCESSIBLE TRANSPORTATION

Government Code section 13979.3, subdivision (f) states that the report shall include recommendations on accessible transportation, including paratransit, dial-a-ride, and transit needs of seniors and people with disabilities. The following sections will highlight the draft findings and policy recommendations for providing accessible transportation.

Findings

Transit operators are required to provide accessible transportation. Federal statute established the American Disabilities Act (ADA) complementary paratransit service requirements, which requires public entities that provide fixed-route services to also provide paratransit. Paratransit is typically used for individuals who cannot use the fixed-route system due to a rider's inability to access vehicles, transit stops, or facilities, or to independently navigate through the system. Paratransit service must be provided within at least 0.75 mile of a fixed route, however, most agencies choose to offer service within the entirety of a service area to better serve the rider.

Accessible transportation services are costly for municipalities to manage and require both fleet management and customer contact capabilities. A portion of the service requires wheelchair accessible vehicles (WAV), and drivers are expected to have good communication skills, be CPR and first aid certified, and help clients through helping them in and out of vehicles. The cost of these trips is typically higher than the cost of fixed-route and is largely government subsidized. For example, in 2020, the national average of a paratransit trip was between $60 to $90, while a fixed-route trip costs $5 per trip. The cost of a paratransit trip for the user is typically around $3 to $10.

Demand for paratransit services will likely rise, as the number of seniors aged 65+ is expected to grow at ~2.3% annually in California, while the general population is

expected to grow at ~0.8% per year. Almost 1 in 4 seniors aged 65+ have an ambulatory disability.

Staff met with several SME interviewees to discuss improving accessible transportation and paratransit. One clear takeaway is the growing pressure and demands on paratransit / dial a ride service as California's population grows and becomes older on averages. Interviewees noted that bus and rail stops must be accessible to all users and can be improved by improving the availability of accessibility features on transit to users. It was also noted that the overall planning and funding of services can be improved, through flexible funds and cost-sharing agreements between transit providers and healthcare providers. Lastly, interviewees discussed improving the booking and dispatch process to better process eligibility and verification information, as well as reducing customer trips and wait times.

Taskforce members raised the Statewide need to establish a commitment to the freedom of mobility for people of all abilities. They emphasized the need for clear goals and outcomes to ensure transit is accessible to all users, and the need to be ambitious, as California's population ages. Members discussed the increased demand, necessary service improvements, need for coordination with medical services, and the rising cost of paratransit.

Principle, Strategies, and Policy Recommendations

Better Service, Better Outcomes	
Strategies	**Recommendations**
MM. Coordinate paratransit services efficiently between transit agencies and non-profit, private, and healthcare providers	MM.1. Encourage transit agencies to coordinate training, usage of vehicles with maintenance and insurance costs
	MM.2. Empower transit agencies to provide more 'one-trip' services, or services that originate and/or end in other jurisdictions by creating frameworks for revenue sharing and paratransit service coordination
	MM.3. Encourage healthcare providers to engage in strategic planning with transit operators to better plan and coordinate public and private transport to healthcare in jurisdictions, to identify optimal times for healthcare appointments, allowing for shared rides
	MM.4. Encourage legislature to change Medi-Cal managed care reimbursements to a per capital payment model per trip (rather than per medical recipient), to reimburse transit agencies that provide paratransit trips
NN. Develop customer-facing and backend tools to improve the process of booking and dispatch of rides	NN.1. Encourage transit operators to improve information describing paratransit services and require documentation to use paratransit services and the ride request process
	NN.2. Create an ADA accessible statewide eligibility verification service for transit agencies that

	provides information on service eligibility and Medi-Cal/Medicaid enrollment
	NN.3. Provide opt-in software services to transit operators to optimize digital booking, dispatch and/or routing to increase operational efficiency and reduce wait and trip times
OO. Improve accessibility of transit stops for all riders	OO.1. Conduct inventories of transit stop accessibility (e.g., ramps, wayfinding/signage, audio announcements) in line with the Master Plan for Aging initiatives
PP. Reform planning process for paratransit	PP.1. Utilize ADA transition plans to guide spending, including identifying accessibility barriers, outlining methods for modifications, scheduling of improvements, and assigning responsibilities for implementation
	PP.2. Prioritize expanding subsidized housing near transit for seniors and people with disabilities to increase their access to transportation.
	PP.3. Explore options to better serve ADA needs including discounted or free travel on fixed route or discounted taxis rides
	PP.4. Identify partners to enhance information on public and private paratransit service offerings to make it easier for users to book rides and compare trip options, cost, and accessibility features
	PP.5. Provide technical assistance to transit operators that either do not provide paratransit services, or use their own certification process, in conjunction with statewide guidelines
QQ. Explore options to improve funding mechanisms for paratransit	QQ.1. Conduct a needs assessment for accessible transportation in CA, covering the following topics: funding for paratransit due to increased demand of paratransit and service improvements, including in areas not currently covered by paratransit. Align needs assessment with the goals listed in the Master Plan for Aging Initiatives and address concerns
	QQ.2. Encourage cost sharing agreements between transportation providers and healthcare providers, including improving Medi-Cal cost recovery programs for operators
	QQ.3. Encourage legislature to change Medi-Cal managed care reimbursements to a per capital payment model per trip (rather than per medical recipient), to reimburse transit agencies that provide paratransit trips
	QQ.4. Review and reconsider ICT requirements for paratransit vehicles
	QQ.5. Provide greater flexibility to MPO/RTPAs to determine priorities for Section 5310 funds

B. CAPITAL CONSTRUCTION COSTS AND TIMELINES

The Taskforce identified 'Reforms needed to reduce capital construction costs and timelines' as an additional topic to be discussed at the TTTF meetings, in addition to the topics listed in Government Code section 13979.3, subdivision (f). Staff prepared a presentation on the topic and the taskforce discussed during TTTF Meeting 9. The following sections will highlight the draft findings and policy recommendations to reduce capital construction costs and timelines.

Findings

According to NTD reporting, California transit agencies spent approximately $30 billion between 2018 and 2023 in capital expenditures, with a majority of that spent on rail. Costs for transit rail expansion projects (per mile) in the U.S. as a whole, and in California, are relatively high compared to projects in other countries. Average costs in the U.S. are almost twice as high as the global average of $456 million per mile. Potential causes of high capital construction costs identified by SMEs and industry research include:

- **Design, scoping, and planning:** Over-scoping design of physical structures; limited standardization of design elements; the need to coordinate and engage with numerous stakeholders; and delays caused by evaluating extractive betterment requirements.
- **Land acquisition and permitting:** Multi-year timelines for obtaining land and permits; ligation delays.
- **Project delivery and execution:** Lagging construction productivity; low use of incentive-based contracting methods; thin marketplace for specialty transit contractors; and the time spent on identifying and managing utilities.
- **Organizational capacity, expertise, and coordination:** Lack of institutional experience and lack of adequate staff capacity to manage various contractors

The United States and international agencies have reduced capital costs with centralized management, using in-house experienced labor, and standardized scope and design. Bay Area Rapid Transit (BART) established the 'Fleet of the Future' project, which replaced 775 train cars over 6 years, and the project came under budget by 15%, or saved $394 million. Strategies used by BART include increased tempo of train car deliveries and having their highly experienced staff do in-house engineering. Madrid also built out their Metro at a much lower cost than other regions of Europe or the US. Spain builds heavy rail at $137M/mile, 15% of the cost of the US ($876M/mile) and lower than other European countries. Scale was also a major factor considered, as Madrid Metro more than doubled its system in 12 years at low cost through its centralized program administration, in-house labor, and standardized project scope and design. The Madrid assembly accelerated permitting, and construction was expedited with 24-hour simultaneous boring, to complete the project quickly and with minimal disruption.

Taskforce members unanimously agreed that capital construction projects need to accelerate timeline, reduce disruptions, and decrease costs. Taskforce members outlined the need for early collaboration between all stakeholders to raise possible issues, come to general agreement, before construction phases start to keep costs

down. Members also emphasized the need to expedite the permitting and land-acquisition process, and the need for the infrastructure owners to have permitting authority, to reduce delay in getting permits across multiple jurisdictions. Lastly, members emphasized the need for in-house talent, including management and engineering capability, across the State, and pitched the idea of loaning project managers and engineers to necessary projects and agencies.

Principle, Strategies, and Policy Recommendations

Transit should be operationally and financially sustainable	
Strategies	**Recommendations**
RR. Improve the design, planning, and coordination process for capital projects	RR.1. Form an early stakeholder coalition to build support for the route/design, streamline negotiations, and minimize the risk of delay and rising costs
	RR.2. Engage stakeholders early and review design prior to construction phases, Limit design changes once near-final design is chosen. Require permitting agencies to engage or waive rights to future legal objections to project if they do not engage in the earlier phases.
	RR.3. Establish clear and transparent cost sharing schedule for improvement requirement requests by jurisdictions or regions.
	RR.4. Conduct surveys early with all stakeholders to limit site-specific challenges in route design.
	RR.5. Balance efficiency of using existing rights of way, with project access and ridership goals
	RR.6. Condition construction funding on cost-per-anticipated-rider criteria
	RR.7. Allocate state funds for design but not construction phase as a matter of having a state-gate policy on advancing projects.
	RR.8. Formalize service-led planning to reduce construction costs and develop clear roles and responsibilities between state, regional authorities, and transit agencies or local municipalities
	RR.9. Explore ways to allow for alternative procurement methods, such as Construction Manager/ General Contractor (CMGC) or Construction Manager at Risk (CMAR), statewide, rather than just at certain agencies, per current law.
	RR.10. Prioritize investment decisions to avoid duplicative projects and align all projects to shared vision
	RR.11. Encourage State to identify and develop business case guidelines and standards that can be used by lead agencies, including regions and local jurisdictions
SS. Streamline land acquisition and permitting requirements and timelines	SS.1. Where allowed and helpful, utilize NEPA oversight delegation authority at Caltrans or CAHSR to complete NEPA in an expedited manner
	SS.2. Extend & expand existing transit project CEQA exemptions and index project cost limits to inflation
	SS.3. Enter agreements with jurisdictions to clarify expectations before design is finalized

	SS.4. Allow infrastructure owners (inc. transit agencies) to have master permitting authority for priority rail projects to reduce delays and costs. Alternatively allow for by-right permitting of certain types of transit projects to prevent extractive permitting processes by infrastructure owners.
	SS.5. Invest in reducing timelines for permits and approvals across multiple jurisdictions to avoid delay by providing funds to both agencies and infrastructure owning jurisdictions.
	SS.6. Streamline permitting requirements within the public right of way, include the use of standardized forms and commit to timelines to ensure that projects don't get stuck in review
	SS.7. Structure or create state grants to reward transit agencies that use efficient procurement strategies and deliver projects effectively.
TT. Improve project delivery state capacity and organizational structure	TT.1. Use line-item procurement to avoid leverage issues with contractors
	TT.2. Utilize project delivery structures that are appropriate for the project, including alternatives to Design Bid Bid or Design Bid Build where appropriate.
	TT.3. Form regional collaboratives to develop institutional expertise, available for project consultation
	TT.4. Form 'Center of Excellence' within California government agencies to loan engineers to necessary projects
	TT.5. Ensure staff and management capacity matches project scale before bidding
	TT.6. Hire and utilize in-house engineering staff rather than contracting out engineering work
	TT.7. Hire staff with procurement expertise, delegate authority for non-critical decisions
	TT.8. Establish megaproject teams to convene all stakeholders and execute on larger megaprojects
	TT.9. Fund staff capacity enhancement and extensive advance planning rather than grant funding on a per project basis.
	TT.10. Consider options for new project delivery organizations at a statewide or regional level that could build scale, expertise needed to deliver megaprojects

C. TRANSPORTATION DEVELOPMENT ACT REFORM

Government Code section 13979.3, subdivision (f) states that the report shall include recommendations on Reforming the Transportation Development Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code), including, but not limited to, replacing the fare box recovery ratios and efficiency criteria with performance metrics that better measure transit operations. The following sections will highlight the draft findings and policy recommendations on TDA reform.

Findings

The Transportation Development Act (TDA) was created in the 1970s as a source of stable and continuous funding for public transit and has several qualifying requirements for accessing funding. This was to improve its effectiveness in supporting transit operations. They highlighted the challenges associated with current metrics, administrative burdens, and funding predictability. The TDA is divided into two funds: Local Transportation Fund (LTF) and State Transit Assistance (STA). The chart below shows the differences between the two fund types:
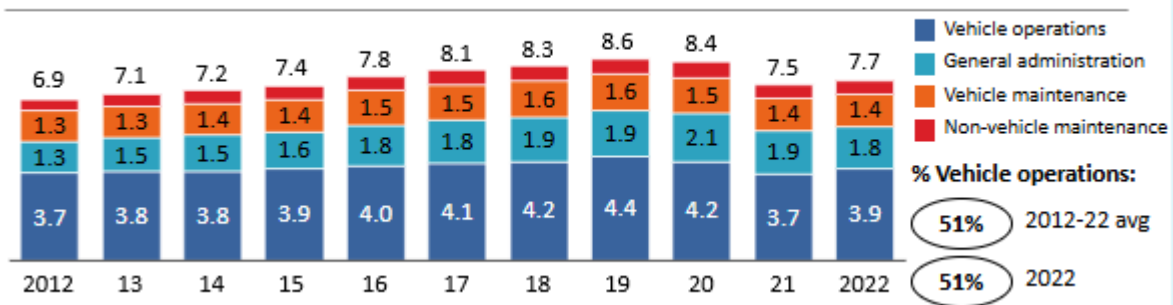
	Distribution Mechanism	**Requirements to Qualify for Funding**
Local Transportation Fund	100% by population	Farebox recovery ratio (FRR) (fare revenue to operating cost) threshold, based on degree of urbanization.
State Transit Assistance	50% by population 50% by transit operator revenues	FRR threshold, based on degree of urbanization; Total operating cost per vehicle revenue hour (VRH) must be less than that of previous year.

There is a restriction on using funds for operating purposes if requirements are not met, however, agencies can obtain temporary exemptions from requirements.
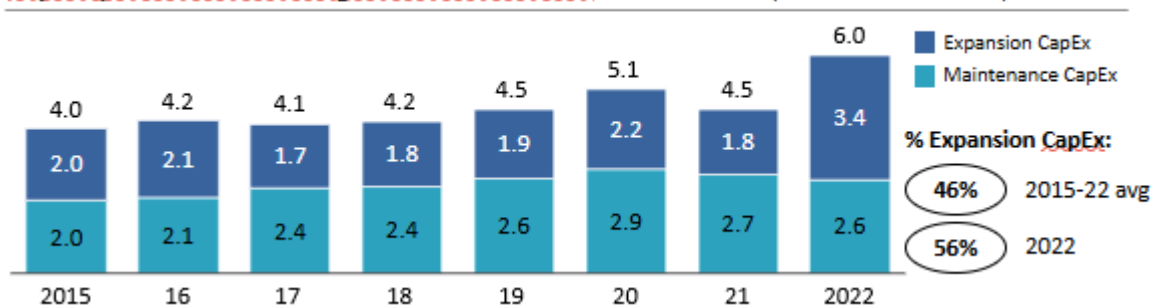
Transit funds today are used to both run existing services and expand future services. Operation expenditure (OpEx) includes the ongoing costs required for the day-to-day functioning of a transit service, such as salaries, while capital expenditure (CapEx) refers to the funds used to acquire, upgrade, and maintain physical assets, such as the buses. The charts below show the OpEx and CapEx expenditures across CA Agencies for all modes.

OpEx spend across all CA agencies for all modes, 2012-22, $ Bn (in real 2022 dollars)

Legend:
- Vehicle operations
- General administration
- Vehicle maintenance
- Non-vehicle maintenance

% Vehicle operations:
- 51% — 2012-22 avg
- 51% — 2022

CapEx spend across all CA agencies for all modes, 2015-22, $ Bn (in real 2022 dollars)

Legend:
- Expansion CapEx
- Maintenance CapEx

% Expansion CapEx:
- 46% — 2015-22 avg
- 56% — 2022

From 2012-2022, 51% of total OpEx dollars were used annually for vehicle operations on average, the rest for vehicle/facility maintenance and general administration. Most OpEx goes into vehicle operations across all modes; the share for vehicle operations is higher for buses than rail. There is a split between CapEx between expanding and maintaining the system. This has remained relatively stable from 2015 to 2022, with about half going to expansion, and half going to maintain existing networks.

Principle, Strategies, and Policy Recommendations

STRATEGY	RECOMMENDATIONS
UU. Simplify reporting requirements for funding & increase transparency to the public	UU.1. Re-use reporting materials that are already prepared for the FTA in the NTD process rather than require novel submissions, calculations to be done
	UU.2. Establish a working group with statutory deadlines for draft and final metrics & performance measures that includes regions, transit agencies, state agencies to be updated every 4 years in lieu of farebox recovery and cost inflation penalties
	UU.3. Require Caltrans and SCO to better monitor, collect and publish information on usages of TDA funds within agencies
	UU.4. Provide additional technical assistance to agencies to meet reporting requirements, aim to shift reporting burden to the state based on existing NTD, GTFS data

VV. Improve predictability of long-term funding	VV.1. Remove farebox recovery penalty, require agencies establish plans and use future TDA funding to address deficiencies identified in audit process if not meeting goals.
	VV.2. Ensure processes to distribute and use funding are consistent with transit transformation goals (e.g., strengthening criteria to determine unmet needs)
	VV.3. Amend the unmet transit needs process to require that counties meet localized targets before spending on roads, rather than a findings-based hearing
	VV.4. Consider phased implementation of updated population numbers from 1970s while ensuring that no agency or region has decline in revenues year over year
WW. Align Incentives	WW.1. Use working group to develop accountability mechanisms for when infrastructure owners are driving challenges for transit agencies by leveraging other sources of state funds. Leverage the triennial audit process to do so.
	WW.2. Update other formulaic funding programs (i.e., LCTOP, SGR) to align with revisions to TDA reporting requirements and incentives
	WW.3. Update TDA to better align to criteria in state discretionary investment programs
	WW.4. Establish clear, peer-based performance metrics for agencies to follow. Account for sectorial issues (i.e., recessions, loss of sales tax revenue) inside the performance measures and inside TDA accountability process.