

## Outline of an Administrative Process for Operators not meeting the Farebox Recovery Ratio (FRR)

The following is an outline of an administrative process that would be managed at the regional level, with State oversight, to address a transit operator's inability to meet FRR. This process would ensure an appropriate level of State oversight, allow local agencies to manage resources, ensure transit agency accountability and ensure that vulnerable populations and disadvantaged communities are protected.

### **Phase 1 Notification Period**

- Operator forecasts that they will not (or have not) met their FRR.
- Operator reports to Regional Transportation Planning Agency (RTPA)
- RTPA notifies Caltrans which initiates a one year review period

### **Phase 2 Initial Review Period**

- Transit Operator 1 year review period starts
  - Operator works with RTPA to identify factors leading to inability to meet FRR, analyze conditions and assess the status of the Operator after one-year.
  - During this period an overall service analysis is conducted which includes a review of performance on the agency's routes, ridership levels, costs, and fares to identify opportunities to create efficiencies
- If FRR recovers the Operator is moved out of the one-year period.
- If FRR doesn't recover then the Operator is placed in a 5-year Administrative Review Period. RTPA notifies Caltrans.

### **Phase 3 Administrative Review Period**

- During the 5-year Administrative Review period the RTPA and Operator, in consultation with Caltrans, would be tasked with evaluating the following issues/items.
  - A more detailed and in depth service analysis which include a review of performance on the agency's routes, ridership levels, costs, and fares to identify opportunities to create efficiencies. Out
  - Agency overall expenses.
  - Importance of service to vulnerable or transit dependent communities.
  - Impacts of service reductions on disadvantaged communities.
- If, during the 5 year period, FRR is met, then clock resets.
- If, during the 5-year period, FRR still not met, the RTPA would be authorized to make a finding of overriding consideration that the service should still be funded. The statement could address the impact to transit dependent or disadvantaged communities as justification. The RTPA statement could be supported by findings that there will be a differentiation/breakdown of routes where FRR is required or not required.