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Agenda Item: 5:00 p.m.

Date: 1/30/14

CITY CLERK, FRESNO, CA

FRESNO CITY COUNCIL



Supplemental Information Packet

Agenda Related Items – 5:00 p.m.

Supplemental Packet Date: January 30, 2014

Item(s)

Actions pertaining to the Bus Rapid Transit Project – City Manager's Office

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

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Sunday

December 10, 2013

CITY CLERK, FRESNO CA

Mr. Mike Prandini
Building Industry Association of Fresno/Madera
1530 E. Shaw, Ste. 113
Fresno, CA 93710

Mr. Prandini:

On behalf of the Building Industry Association of Fresno/Madera (“BIA”), Development & Financial Advisory performed a review of the “2008 Bus Rapid Transit Master Plan” (“Master Plan”) prepared by Kimley-Horn and Associates, Inc. (“Kimley Horn”) for the Council of Fresno County Governments (“COG”)) dated June 2008 to evaluate the adequacy of the capital and operational finance plan. We further reviewed additional source documents including the 2013 Short Range Transit Plan (“Transit Plan”) prepared by City of Fresno (“City”) to evaluate the reasonableness of the assumptions used to develop the capital and operational finance plan associated with the proposed Bus Rapid Transit (“BRT”) program.

Our review of the Master Plan and Transit Plan focused on the adequacy of the finance plan to deliver and operate the BRT.

OUTCOMES

Overall, our firm agrees with the Master Plan and Transit Plan that the COG and City need to identify mechanisms that will improve the existing air quality. However, we believe that the suggestion to use land use/development policies and increased impact fees to direct growth into high density development along transit corridors by penalizing development along the “fringe areas” is unfair and shifts a disproportionate share of costs. We also have concerns with the COG and City’s ability to adequately fund the required improvements and ongoing operational needs of the proposed BRT. In addition, the COG travel demand model suggests travel speeds for the region will remain unchanged over the next 20-30 years while the Transit Plan shows ridership is declining and operational costs continue to increase. Without considering these factors, the proposed BRT program appears financially difficult and may unfairly impose improper development and operational costs to future development. We recommend that the BIA work with the COG and City to expeditiously resolve the concerns outlined in this review.

SIGNIFICANT CONCERNS

(1) Improper use of land use/development policies

The Master Plan and Transit Plan advocates the use of land use/development policies that reduce parking at office and education facilities, increases the cost of on-street parking and reduce or eliminate existing on street parking on the anticipated BRT routes to increase transit ridership. Additionally, the Master Plan proposes the use of higher impact fees on “fringe development” while developments along principal transit corridors pay lower fees in order to enhance development feasibility. These types of policies may negatively impact the financial feasibility of existing developments along with violating clearly defined nexus requirements.

(2) BRT Cost Estimates

The Master Plan and Transit Plan assume different BRT line configurations. The Master Plan assumes 7 miles costing \$35 million while the Transit Plan assumes 13.25 miles costing \$49.8 million. The costs per mile assumptions are \$5.0 per mile and \$3.7 million per mile, respectively. A similar BRT program has been proposed in the County of Sacramento. The estimated cost per mile in the County of Sacramento is \$10 million. Applying this assumption would increase the Master Plan cost from \$35 million to \$70 million and the Transit Plan cost from \$49.8 million to \$132.5 million. These types of cost estimates would severely impact the funding plan associated with development of the BRT program. These cost estimates only appear to provide for the BRT route improvements which include corridor, signal and station improvements. The cost estimates should also include funding for an expanded or new maintenance facility especially since the BRT buses are substantially larger than the existing buses. The Master Plan mentions the current maintenance facility is at capacity.

(3) BRT Capital Funding Program

The capital funding program relies heavily on grant funding from several sources. The Transit Plan assumes 39.8 million or 80% of the capital funding would be in the form of grants from the New Starts program administered by the Federal Transit Administration while the remaining \$10 million or 20% would be provided by local sources. The New Starts program was extended in 2010 with an additional \$2.0 billion in funding. The New Starts program includes a Small Starts program for transit projects under \$250 million. To be eligible for the New Starts program a project must meet the following criteria 1) alternatives analysis and preliminary engineering 2) project justification and 3) local financial commitment. A review of the New Starts program does not include authorization for the proposed BRT program. Many of these local sources require voter approval. The local sources include sales tax measures ("Measure C"), parcel tax measures, Mello-Roos districts and development impact fees. The Transit Plan and Master Plan has not provided sufficient information regarding the constitutional, legislative and practical limitations of implementing these types of options while analyzing the impact on project feasibility associated with these revenue sources.

Additionally, the Transit Plan and Master Plan do not discuss alternative funding strategies if grant funding levels are reduced or cost estimates are higher like those in the County of Sacramento.

(4) BRT Operational Funding Plan

Fare revenues constitute a large source of funding for the operating budget of the existing transit system. These revenues only cover approximately 20% of the operating budget therefore grant and Measure C revenue are critical. A few of these grant sources include the Transportation Development Act which provides funding through the 1) Local Transportation Fund and 2) State Transit Assistance fund. These grant programs are allocated based on population, taxable sales and transit performance. Based on a City agenda report from 2009, the City received \$1.49 million less in grant funding than anticipated. Additionally, Measure C revenues are well below the budgeted levels while the cost to operate the transit system has continued to increase. This structural deficit is even more challenging due to the reduction in transit funding available from the State of California. According to the Transit Plan, the Fresno Area Express ("FAX") has dealt with these shortfalls through cost cutting measures including cuts to services and layoffs. This is a critical element since the BRT program will cost significantly more to operate than the existing transit system. In fact, the Transit Plan estimates the BRT's operation cost will be an additional \$2.6 million annually. It appears unlikely the BRT will receive the necessary fare revenues and other revenue sources to operate at the desired level of service.

(5) Transit Ridership

According to the Master Plan and Transit Plan the majority of transit riders use the system out of necessity, rather than choice. The Transit Plan estimates 82% of riders use the bus because they either do not drive or are unable to afford a car. These are referred to as transit captive riders. Transit ridership typically increases in proportion to population but since 2009 transit ridership has been steadily decreasing. As shown in the Transit Plan, transit ridership has decreased to roughly 2001 levels while the operating costs have risen from roughly \$28 million to \$45 million from 2003 to 2012. This reduction in transit ridership and increasing operating cost is unsustainable. Transit ridership may be decreasing because of the substantial investment the region has made into transportation improvements. The COG travel demand model suggests travel time in the region will remain unchanged over the next 20-30 years. These types of ridership statistics and travel times make it difficult to assume the proposed BRT program will entice the necessary riders to cover the increased operational costs associated with BRT. This will put increased pressure on raising the fare revenue and may lead to an increased reduction of transit riders.

(6) Impacts on Existing Programs

The region has made tremendous investment into the transportation network by use of Measure C, regional and local impact fee programs. This investment includes improvements to SR 41, SR 180 and major arterial roadways throughout the region. This investment has produced the short commute times and the projection that commute times in the future will remain unchanged. The Master Plan and Transit Plan have failed to discuss the potential impacts to these existing transportation programs and other related programs. These may include 1) high speed rail, 2) existing traffic impact fee programs, 3) Regional Transportation Mitigation Fee, and 4) air quality programs. The BRT is meant to reduce reliance on a transportation network design for car and increase air quality. The Master Plan and Transit Plan are silent on how this is being factored into reducing or crediting these existing programs.

We thank you for your attention to this matter. Should you have any questions, please call our office at (916) 788-7240.

Sincerely,

Michael F. Whipple

Vice President



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2014 JAN 30 PM 12 19

CITY CLERK, FRESNO CA

December 9, 2013

Steve Brandau, Councilmember District 2
Fresno City Council
2600 Fresno Street
Fresno, CA 93721

RE: Bus Rapid Transit

Dear Councilmember Brandau:

There is a workshop scheduled for December 12 on the Bus Rapid Transit (BRT) system for the City. The BRT is being touted as the solution to enhance the transportation system and the impetus to attract development along the two identified corridors. The Building Industry Association (BIA) has a concern that not all the pertinent questions have been asked regarding the BRT. We believe there are questions that need to be addressed in order to fully understand the ultimate impact of the BRT on the City's FAX service, the City's General Fund and development pattern for the City.

The following questions are intended to initiate discussion of the BRT system to achieve a complete understanding of the impacts of such a massive investment of public dollars.

General Comments

1. How does the Master Plan and Transit Plan coordinate with the State of California High Speed Rail project?
2. The Transit Plan operational and capital funding plan rely heavily on Federal, State, and grant funding. What is plan "b" when or if these funds are not available or sufficient? This is of particular concern for a program with an underlying structural problem of operating costs outpacing revenues.
3. The volatility of the proposed funding program (federal funds, state funds, grants) is of concern and a more in depth evaluation of the likelihood of receiving future revenues should be conducted. Measure C is a good example of a revenue source that is well below (35%) its previously projected amounts.

4. Many of the “new” revenues proposed in the Transit Plan require voter approval. Has there been an evaluation conducted to determine feasibility of these funding sources? Some of the proposed new funding revenues (impact fees, Mello-Roos districts) will have a direct impact on future project feasibility.
5. Capital improvement funding sources, such as development impact fees, should be contingent upon security of a sustainable operational funding plan.
6. The COG travel demand model suggests travel speeds for the region will remain unchanged over the next 20-30 years. What impact will that have on ridership?
7. How will the removal of bus stops to accommodate BRT affect ridership?
8. Would reducing FAX headways to 10 minutes, as proposed for BRT, increase ridership on FAX?
9. Have other cities the size and diversity of Fresno implemented a successful BRT?

Capital Funding

1. The Master Plan assumes a 7 mile BRT line along the Ventura corridor costing approximately \$32 million. Why is there no cost estimate for the Blackstone corridor included in the Master Plan?
2. The Master Plan and Transit Plan assume significant grant funding. What is the status of future Federal or State grants?
3. Has the BRT program received Measure C money to date? If so, how much?
4. Will the grant programs require a certain level of local funding? If so, what additional sources will be utilized outside Measure C?
5. The Master Plan assumes a development impact fee will be collected to fund the BRT program? What is the status of this fee program? Who will be charged the fee and what is the nexus?

Operational Funding

1. The Master Plan assumes an annual operational cost of \$2.0 million for the 7 mile BRT while the Transit Plan assumes an annual operational cost of \$2.6 million for the 13.25 mile BRT. Which is correct?
2. What is included in the estimate for the operating costs?
3. Will grant funding continue to be pursued to fund operations? How much and what are the sources? What is the status of any grant funds?
4. Is it planned that Measure C be used to fund operations? How much will be required and are there sufficient Measure C funds available?
5. The Transit plan indicates declining ridership and increased operating costs over the last several years. How will this be corrected and how will this structural deficit be funded?
6. The Master Plan assumes all FAX riders will utilize the BRT. Will 100% of the FAX ridership be required for the BRT to be successful?
7. Will the fares for BRT ridership be more than the FAX fares on these routes?

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RE: Bus Rapid Transit
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Other Issues

1. Will the existing sewer system along the two BRT designated routes support the planned density? If not, what will the cost be to increase the sewer capacity, when will it be installed and who will pay for the capacity?
2. Will the existing water system along the two BRT designated routes support the planned density? If not, what will the cost be to increase the water capacity, when will it be installed and who will pay for the capacity?

The BIA is suggesting that the City Council be judicious in analyzing the feasibility of the BRT and to postpone any action until these issues are addressed.

If you have any question, please call me at (559) 226-5900.

Sincerely,



Michael Prandini
President & CEO

cc: Mayor Ashley Swearingin
Fresno Business Council
Greater Fresno Area Chamber of Commerce
Central California Hispanic Chamber of Commerce
Fresno Metro Black Chamber of Commerce
Hmong Chamber of Commerce-Fresno
Fresno County Farm Bureau
Fresno Association of Realtors

2014 JAN 30 PM 12 19 www.fresnocog.org

January 29, 2014

CITY CLERK, FRESNO CA

Fresno City Council
2600 Fresno Street
Room 2097
Fresno, CA 93721

SUBJECT: Fresno COG Response to Inquiries Regarding the Potential Impacts on Fresno COG's Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) should the City of Fresno decide not to implement the BRT project and Alternative A of the City's General Plan Update

Councilmembers:

The purpose of this letter is to clarify some questions that have been raised by Council members regarding the potential impacts on Fresno COG's Regional Transportation Plan RTP/SCS should the City of Fresno decide not to implement the BRT project and Alternative A of the City's General Plan update.

Over the 23 years since the enactment of the federal Clean Air Act Amendments in 1990, Fresno COG and the seven other COGs in the San Joaquin Valley have been able to demonstrate air quality conformity (analytical determination that planned transportation projects will not make our air quality worse) for our regional Transportation Plan(s). The ability to demonstrate air quality conformity for our region is critically essential in order for our region to be able to continue to receive federal and state transportation funding.

In Fresno COG's specific case, our last RTP (2011) passed conformity tests using the City of Fresno's existing general plan and the single BRT line along the Blackstone and Kings Canyon-Ventura Corridor as its transportation backbone. However, the major concern from the regional planning perspective is that "looking ahead", without major land use and transportation changes such as Fresno's Alternative A and its proposed BRT system, which together stand to significantly reduce the amount of VMT in Fresno County and the San Joaquin Valley as a whole, it will become more and more difficult for the Fresno region to achieve air quality conformity in the "future" as the Fresno County region and the San Joaquin Valley add more population and the resultant vehicle miles travelled. Going further, it is anticipated that given the air quality challenges that continue to face the San Joaquin Valley, the Environmental Protection Agency (EPA) will continue to tighten air quality standards based on the requirements of the Clean Air Act.

City of Clovis
City of Coalinga
City of Firebaugh
City of Fowler
City of Fresno
City of Huron
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City of Parlier
City of Reedley
City of San Joaquin
City of Sanger
City of Selma
County of Fresno

According to the San Joaquin Valley Air Pollution Control District, mobile sources contribute over 80% of the region's air pollution. With this in mind, it is critically important to understand that if at some point in the future, the San Joaquin Valley fails to meet its air quality conformity requirements, literally billions of federal transportation dollars throughout the entire San Joaquin Valley will be at risk.

With regard to the issue of greenhouse gas reductions, upon the passage of SB 375 by the State of California in 2008, regional planning agencies are required for the first time to develop companion Sustainable Communities Strategies (SCS) in tandem with our RTPs. As you may know, the Fresno COG Policy Board has decided on a draft Sustainable Communities Strategy (SCS) that contains all of our member agencies' latest planning assumptions, i.e., their existing or proposed general plans. With this in mind, the City of Fresno's Alternative A and BRT projects are included within the approved draft SCS. It is important to note that all of the analytical transportation/land use modeling done for the four SCS Scenarios demonstrate that it will be impossible for the Fresno County region to meet the GHG reduction targets set by the Air Resources Board without the land use policies expressed in Alternative A.

Should the Council decide not to implement the BRT projects and/or Alternative A, the 2014 RTP will likely still narrowly pass the air quality conformity tests, thus ensuring the continued flow of federal transportation funding to our region and its cities for the time being. However, without Alternative A, the 2014 RTP/SCS will not be able to meet the greenhouse gas emission reduction targets required under SB 375. Although the SB 375 legislation does not currently have any penalty for regions that fail to meet the targets, it is believed in professional circles that future state funding will likely favor regions with SCSs that meet the greenhouse gas reduction targets.

In summary, in the event the Fresno City Council decides not to implement BRT, but keep Alternative A, the 2014 RTP/SCS will be able to pass conformity, as well as meet the greenhouse gas reduction targets. However, there are concerns that the Air Resources Board may consider Alternative A without the transportation backbone of the proposed BRT lines to be non- self-sustaining, resulting in an SCS that would not be an "integrated" transportation and land use plan, which is required under SB 375.

We respectfully ask that the Council and the Administration consider the potential impacts brought up in this letter as you deliberate the future of the BRT and Alternative A.

If you should have any questions, please feel free to call me at 559-233-4148.

Sincerely,

A handwritten signature in blue ink that reads "Tony Boren". The signature is written in a cursive, slightly slanted style.

Tony Boren, Executive Director
Fresno Council of Governments

c: Seyed Sadredin, San Joaquin Valley Air Pollution Control District