

January 9, 2012

PTIC Members,

Below you will find the four questions asked by Councilmember Ehrenreich with responses from Pierce Transit Staff. Please feel to contact me if you have further questions.

1. Fares – I would appreciate if you could provide the fares that go with the allocated costs. While the table Pierce Transit Services to Community by Mode that you sent shows allocated costs by jurisdiction, it does not show the corresponding (allocated) fares. Fares (user fees) are part of the revenue stream along with the 0.6% sales tax.

Not providing the fare revenue distorts the picture when comparing allocated costs to revenues, especially when the allocated costs are viewed as a proxy for benefits. Fares could also be viewed as reducing the 1) net allocated cost of the service, or 2) the amount of sales tax subsidy required to provide the service.

For instance, the two vanpools that originate in DuPont (your website shows three) go to Auburn. Using the fare chart on your website and a guess as to roundtrip mileage, each vanpool is generating revenue in the neighborhood of \$750 to \$890 per month for a midsize van. My guess is that this revenue comes far closer to covering the full cost of ridership and thus the required sales tax subsidy is lower than the fixed route and shuttle services. Is this correct?

We do not have the ability to break out fare collection by jurisdiction. Please find below a summary of Pierce Transit's 2010 operating revenues. You are correct that vanpool service has a higher recovery of cost rate from passengers than fixed route and SHUTTLE.

SCHEDULE OF OPERATING REVENUES
Year Ended December 31, 2010

	ACTUAL *	% OF TOTAL
Passenger Fares	\$14,504,805	15%
Advertising	1,120,406	1%
Interest Income	346,746	0%
Sales Tax	65,338,852	69%
Operating Grants	9,925,000	10%
Miscellaneous Revenues	3,209,822	3%
Gain on Disposal of Assets	368,928	0%
TOTAL OPERATING REVENUES (excluding Regional Transit Service)	\$94,814,559	100%
Regional Transit Service	24,128,368	
GRAND TOTAL	\$118,942,927	

* Source: 2010 Pierce Transit Comprehensive Financial Report (CAFR) page 29

Also included is a breakdown of actual fares collected in 2010 by mode.

Fare Revenue by Mode

	<u>2010</u>
Fixed Route	\$11,614,387
SHUTTLE	413,326
Vanpool	<u>2,514,731</u>
	<u>\$14,499,449</u>

2. *Allocated Costs – Could you please share with me the methodology used to allocate costs to jurisdictions for service runs that start in one jurisdiction but end in another?*

The table list two vanpools that originate in DuPont. The website shows the destination for those to be Auburn. Yet no vanpool costs have been allocated to Auburn in the table. I realize that it may be that the portion of Auburn that is the destination is in King County. Does this mean that all the costs get allocated to the Pierce County jurisdiction when the origin or destination is outside Pierce County?

Pierce Transit services – fixed route, SHUTTLE and Vanpool – operate as a system generally providing connections to multiple communities. The allocation of services is a estimated representation of the various modes provided throughout the service area.

Because of their unique operating characteristics, each mode utilized a different methodology.

Fixed Route Bus Service: Most fixed routes operate through multiple jurisdictions, a percentage of service hours for each route were assigned to the jurisdiction where the route operates. This percentage is based on the route miles that the service operates within the jurisdiction as a percentage of the total route length. The service hours were then multiplied by the budgeted cost per service hour.

Vanpool: Both the origin and destination of a Vanpool trip is considered to be significant in reducing single occupant vehicle travel. To represent the importance of this information, we identified both variables for each community. We assigned half the value of the Vanpool to the origin, and half the value to the destination. If the origin or destination community is not in the Pierce Transit service area, the vanpool was only assigned value for the portion in our the current boundary. Based on the annual operating expenses for the Vanpool program, the methodology allocated the costs based on the percentage of vanpools either starting or ending in a community.

SHUTTLE: SHUTTLE trips can operate anywhere along a $\frac{3}{4}$ mile area adjacent to a fixed route bus service. For this mode we identified all trips originating in a community and multiplied by the budgeted cost per passenger.

3. Estimating Total Sales Tax Contributions - DuPont has very little retail, and so a large amount of the sales tax DuPont residents and businesses pay to the PTBA is actually collected in other jurisdictions within the PTBA. Do you have a methodology for estimating that amount? DuPont residents and businesses would continue to contribute this amount to Pierce Transit even if DuPont left the PTBA footprint.

Pierce Transit does not have the ability to determine where people shop.

Also, Pierce Transit does not receive Sales Tax revenue by jurisdiction from the Department of Revenue. It is received in one lump sum the second month after its collection. In the spreadsheet sent to the Conference the information regarding Sales Tax revenue by jurisdiction was obtained via the Department of Revenue website (<http://dor.wa.gov/content/aboutus/statisticsandreports/tid/StatisticsReports.aspx?query=localsalesnaics>). Staff took the Taxable Retail Sales by jurisdiction and multiplied by Pierce Transits current taxing authority of six tenths of a cent (0.06).

4. Vanpool Service Area – Currently, the Pierce Transit website states that “Our vanpools serve groups commuting to and from work, whose trip origin or destination is in Pierce County.” Will this policy remain in effect if the PTBA footprint shrinks?

This policy is under review.

Best Regards,

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