



HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS
Regional Transportation Planning Agency
Humboldt County Local Transportation Authority
Service Authority for Freeway Emergencies
611 I Street, Suite B
Eureka, CA 95501
(707) 444-8208
www.hcaog.net

AGENDA ITEM 4c
HCAOG Board Meeting
May 21, 2026

DATE: May 13, 2026
TO: HCAOG Policy Advisory Committee (PAC)
FROM: Stephen Luther, Associate Regional Planner
SUBJECT: **FY 2026-27 Unmet Transit Needs (UTN) Report of Findings**

STAFF REPORT

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- FY 2026-27 UTN Report of Findings
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Staff's Recommended Action:

Motion to be approved by consent:

“The PAC recommends the HCAOG Board adopt Resolution 26-08 approving the FY 2026-27 Unmet Transit Needs Report of Findings determining there are no unmet transit needs reasonable to meet.”

Staff Summary:

As the Regional Transportation Planning Agency (RTPA) for Humboldt County, HCAOG is responsible for the administration of Transportation Development Act (TDA) funds. TDA funds (funded through ¼ percent of the statewide sales tax) are the primary funding source for most transit systems. As part of its TDA duties, HCAOG is required to implement an annual unmet transit needs process which has three key components: soliciting testimony on unmet transit needs; analyzing needs in accordance with adopted definitions of unmet transit needs reasonable to meet; and adoption of a finding regarding unmet transit needs that may exist for the upcoming fiscal year. Unmet transit needs findings ensure that transit needs found reasonable to meet are funded prior to jurisdictions expending TDA funds on non-transit purposes.

HCAOG's adopted definitions and criteria for unmet transit needs are on pages four and five of the attached draft report. The definitions and criteria were updated in 2024 to include a minimum of two comments to demonstrate community support, and to include an analysis of performance measures including subsidy per trip and ridership per hour of new services. The criteria and definitions were last comprehensively updated in 2017 following an SSTAC Strategic Plan. The

UTN definitions and criteria are part of the HCAOG TDA Rules and require HCAOG Board approval to update.

For each comment that was determined to meet the criteria of an unmet need, staff analyzed if it would be “reasonable to meet” and made a recommendation. At their March and May 2026 meetings, the SSTAC reviewed the 2025 unmet transit needs comments and staff’s draft analysis of unmet needs. The SSTAC raised the issue of whether staff could use different methods of calculating the farebox return ratio to determine whether a need was reasonable to meet. The current definition calls for evaluating the *marginal* farebox ratio return of a new service. Staff analysis therefore looks at the cost and farebox estimates for just the proposed additional services for the unmet need, independent of the wider service performance. The proposed alternative was to look at how the fares and operations costs when added to the overall system performance would impact the system’s farebox return ratio. Staff conducted this analysis for Sunday service and found that the additional farebox and operations of Sunday service would lower the overall RTS farebox ratio from 16.3% to 16.0%. This shows the limitations of farebox ratio as a performance metric and the value of looking at additional metrics related to ridership. Furthermore, the California TDA laws are under consideration for reform with a key recommendation being the removal of the farebox recovery penalty.¹ Staff recommended, and the SSTAC concurred, to continue with the current method of evaluating the marginal farebox return ratio, alongside consideration of performance metrics like riders per hour and subsidy per trip, while monitoring changes to the statewide TDA law.

The attached report provides findings for RTS Sunday service, RTS later night weekend service, later weekday service on ETS, service to Ferndale, more frequent service and service on Old Arcata Road. None of the services are reasonable to meet based not only on farebox returns, but on the lack of sustainable funding sources. Costs to maintain the existing system and schedule continue to overrun the available funding through the Local Transportation Fund (LTF).

The SSTAC reviewed the Report of Findings and recommended the HCAOG Board adopt the FY 2026-27 Unmet Needs Report finding there are no unmet needs reasonable to meet.

¹ The Transit Transformation Task Force, a committee formed by CalSTA to develop policy recommendations for long-term transit funding, recommended removing the farebox recovery penalty and establishing different peer-based performance metrics for agencies to follow. The report called out the farebox recovery ratio an “outdated performance metric” and members of the Task Force expressed support for “eliminating the unmet transit needs process altogether to require money to be spend on transit.”