

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	07/27/15	Open	Action	07/16/15

Subject: Whether to authorize the General Manager/CEO to enter into an Agreement with the Los Rios Community College District to provide reduced fares for its students.

ISSUE

Whether to authorize the General Manager/CEO to enter into a Student Transit Pass Agreement with the Los Rios Community College District to provide a transit pass reduced fares for its students.

RECOMMENDED ACTION

Adopt Resolution No. 15-07-_____, Delegating Authority to the General Manager/CEO to Enter into a Student Transit Pass Agreement with the Los Rios Community College District to Provide a Transit Pass and Reduced Fares for its Students.

FISCAL IMPACT

The Agreement could result in an annual increase in Fare Revenues of \$1.4 million. Since the contract would be effective January 1, 2016, there is a potential for a \$700,000 increase in FY 2016 fare revenues. This additional revenue was not included in the adopted FY 2016 budget.

DISCUSSION

The Los Rios Community College District (Los Rios) and the Sacramento Regional Transit District have an agreement to provide reduced transit fares for students enrolled in the college district. The agreement started as a three-year demonstration in 2005. In 2007, the Board authorized a ten-year agreement, ending November 14, 2016. Neither party has the ability to unilaterally terminate the existing agreement.

The program was designed to encourage transit use and establish a transit riding habit among students. Each student enrolled in classes at Los Rios is required to pay a transit fee ranging from \$2.77 per semester to \$16.62 per semester, depending on course load and income level. Under the current arrangement, the fee on a per unit basis is approximately \$0.46 and \$1.39, respectively. Low income students pay 50% less than non-low income students. In return, each student receives unlimited use of the RT bus and rail system with no additional cost. The students are also eligible to ride other nearby transit systems at no additional cost.

The program has been successful in attracting transit ridership since its beginning. In 2005, ridership using the student pass on RT's system was estimated at approximately 1.4 million trips. By 2006, ridership was recorded at nearly 3 million trips. In Fiscal Year 2014, Los Rios student ridership was estimated at 4.4 million boardings.

Approved:

Presented:

Final 07/21/15

General Manager/CEO

AGM of Planning and Transit System Development

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While the program has been successful in attracting ridership, the program has come at a cost. RT's finances have been hurt by such a large number of trips being taken at such a low cost. Since inception, the average fare for Los Rios students has been as low as \$0.15 per trip. RT received an average of \$0.21 per trip from Los Rios student fees in Fiscal Year 2014. The current average fare estimate for Los Rios students of \$ 0.21 is only 19% of the system-wide average fare of \$1.11. To put this in prospective, as of June 30, 2014, the cost per trip to operate the bus and rail system, excluding Paratransit costs, was \$5.02 per trip. The current agreement with Los Rios expires in November 2016. Negotiations for a new agreement began in February 2015. Staff goals for the new agreement included: increasing revenue; obtaining an earlier date for implementing a new agreement; and closing any loopholes in the current agreement that may have resulted in fare abuse. RT and Los Rios have reached agreement on several key terms related to the RT goals. A summary of the key terms of the agreement are summarized below. A full listing of the agreed-upon terms is attached to the Resolution as Exhibit A.

- The new agreement will be for 5 years rather than the 10 years in the current agreement.
- RT and Los Rios will establish a summer pass transit program effective for the summer of 2016 (with a flat rate of \$10, regardless of course load).
- Fees will be assessed by class unit. Students taking more than 3 units will pay \$2.10 for each class unit, up to a maximum of 15 units.
- Students registered for 3 or fewer units will be eligible to purchase RT discount monthly student passes (which is currently priced at 50% less than the full retail pass fare). The student pass is currently reserved for students 18 and under.
- Use of the Los Rios fare on other area transit systems will be dependent on RT's ability to successfully negotiate reasonable transfer agreements with the other transit systems.
- Student fees will be increased when the Implicit Deflator for State and Local Government Purchase of Goods and Services (the State of California inflation factor) produces an increase of .10 or more above the current fee, in which case the per unit fee will be increased to the nearest quarter dollar starting the following fall.
- Students who withdraw for the college or drop all courses will become ineligible for the Los Rios fare.
- The new agreement will take effect January 1, 2016, assuming a majority of students vote in favor of the agreement in an election to be held this fall.

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This new agreement is estimated to increase revenue for the Los Rios reduced fare program by nearly 60% or \$ 1.4 million for the first full year. Staff estimates that RT will receive approximately \$ 2.4 million annually. The average fare for Los Rios students is expected to increase to \$ 0.57. As part of the agreement, RT can terminate the agreement if the average fare becomes less than \$.50 per ride.

Unfortunately, State legislation limits the dollar amount of fees that can be charged to students for transportation. This agreement will take the college very near the maximum that can be charged to the students. RT and Los Rios staff have agreed to discuss strategies for raising the maximum dollar amount during the term of this agreement.

The next step in the process is for the Los Rios students to vote on the terms of the new agreement. The vote is scheduled for September 2015. If the students approve, RT and Los Rios will move implement the agreement in January 2016, approximately 11 months prior to the end of the existing contract.

RESOLUTION NO. 15-07-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

July 27, 2015

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO
TO ENTER INTO A STUDENT TRANSIT PASS AGREEMENT WITH THE
LOS RIOS COMMUNITY COLLEGE DISTRICT TO PROVIDE A
TRANSIT PASS AND REDUCED FARES FOR ITS STUDENTS**

WHEREAS, RT and Los Rios Community College District entered in a three-year demonstration project for discount fares for college students in 2005; and

WHEREAS, the Board authorized a ten-year agreement in 2007, ending November 14, 2016; and

WHEREAS, RT staff desires to continue its relationship with Los Rios.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager/CEO is hereby delegated authority to enter into a Student Transit Pass Agreement with the Los Rios Community College District to provide a transit pass and reduced fares for its students on substantially the same terms as set out in Exhibit A.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RT/LRCCD
Contract Negotiation

Exhibit A

Draft Terms

Updated 07/22/15

Form: This format is for informal discussion of key terms. The actual agreement will be written using the existing agreement as a template. This incorporates all of the suggestions to date.

1. Duration. New agreement would supersede existing agreement (which expires November 2016). New agreement would take effect January 1, 2016. Duration would be five (5) years, i.e., the end date would be December 31, 2020.
2. Student Fees Contingency. The new agreement is contingent upon the approval of the LRCCD students of a fee increase for a period not less than the contract duration and an amount not less than the amount specified in Section 7. If the students fail to approve the fee increase, the existing agreement would stay in effect until its normal expiration date.
3. RT may terminate the agreement for convenience, with at least one-year notice prior to the first day of classes of the semester or session when the termination is to take effect, if the average fare for LRCCD passholders, as determined using the same annual estimation methodology applied to other types of passholders, is less than \$.50 per ride.
4. Summer Program. Effective Summer 2016, all students enrolled in a summer session will pay a flat rate of \$10 per student. Upon implementation of RT's electronic fare card (Connect Card), the LRCCD transit pass will be valid from the first day of instruction through the last day of final exams. Until Connect Card is implemented, the pass will be administered through a summer session sticker that will be valid for June and July.
5. Minimum Course Load. Fall/spring students enrolled in 3 units or fewer will pay no student transportation fee and will be ineligible to receive a LRCCD transit pass through the program. These students will be eligible for a discounted RT pass, as described below, in Section 10. This provision does not apply to summer session students.
6. Fee Schedule.
 - a. For students enrolled in more than 3 units at any one campus, the fall/spring fee schedule will be as follows. For Year 1 of the contract, fees will be \$2.10 per unit at each campus where more than 3 units are taken for all students. The fee shall be assessed on students who take distance education courses. Partial units will be rounded-up to the nearest integer.
 - b. Student fees will be increased annually by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services in increments of a quarter dollar (\$0.25) with rounding up to the nearest quarter dollar. The deflator shall be applied annually in February and cumulatively be applied to the then current fee. Each year's calculation will use the cumulative change in the Implicit Price Deflator since the date that the current fee became effective. Whenever the cumulative calculation produces an increase of at least \$0.10 above the existing fee, the fee will be increased to the nearest quarter dollar. When increased, the fee will be benchmarked at the new level and, the next year, the annual implicit price deflator will be applied in the same manner to the new fee. If the inflator does not result in a change, at

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Updated 07/22/15

the next annual evaluation, the cumulative calculation will be applied from the date of the last increase.

- c. The rate for summer session student fees will also be subject to escalation in the same manner.
 - d. Fee increases will take effect in the fall semester.
 - e. Students who do not pay fees will not be eligible to receive a LRCCD transit pass. Students who are enrolled in more than 3 units at one or more campuses (including distance education units), will be assessed the fee for all units at each campus where they are enrolled in more than 3 units. Partial units will be rounded up to the nearest whole unit. LRCCD must ensure that students who pay the fee at more than one campus only receive a single transit pass.
 - f. In addition to the increases set out in (b) above, if the transportation services fee limit set out in California Education Code Section 76361 is statutorily increased, the per unit transit fee will increase proportionally to the increase, in increments of a quarter dollar (\$0.25), rounding up to the nearest quarter dollar (e.g., if the maximum fee is increased from \$70 to \$80, the transit fee would be increased by 14.2% (10/70), and then rounded up to the nearest quarter dollar). LRCCD will have the right to accept the new rate, reject the new rate, or make a counterproposal. If the parties cannot reach agreement on an increased rate within 90 days, and RT is not willing to maintain the then-current rate, either party may terminate this contract effective upon the conclusion of the current semester or summer session. Under those circumstances, RT will waive the one-year notice requirement of Education Code Section 76361.1.
7. Maximum Fee. Students will not be charged a student transportation fee for any units after the fifteenth unit.
 8. Payments. As under the existing contract, all student transportation fees will be collected by LRCCD and paid to RT.
 9. LRCCD Transit Pass. As under the existing contract, all eligible students who have paid the student transportation fee for units as noted above will be allowed to make unlimited rides on the RT bus and light rail system during the semester for which the fees were paid. Initially, this pass program will be administered as it currently is under the existing contract, i.e., through a semester-long sticker applied to a LRCCD student ID. Upon introduction of RT's Connect Card, the pass program will be implemented through the Connect Card. The fall sticker will be valid from August 1 through December 31. The spring sticker will be valid from January 1 through May 31.
 10. Discounted RT Pass. Fall/spring LRCCD students that are not enrolled in more than 3 units at one campus will be eligible to purchase a non-transferable RT pass at RT's student discount rate (currently a 50 percent discount applied to primary/secondary students 18 and under). Until introduction of the Connect Card, this pass will be administered through a new

Draft Terms

Updated 07/22/15

sticker with a different appearance than the standard LRCCD pass sticker. Like the standard LRCCD pass sticker, the discounted RT monthly pass sticker must be affixed to a current LRCCD student ID card to be valid. LRCCD will be responsible for selling the new sticker to students; however, the stickers themselves will be furnished by RT to LRCCD, with LRCCD paying in advance for their stock and returning unsold stickers to RT after the end of the month for a full refund.

11. Use on Other Transit Systems. Use of the LRCCD pass or the discounted RT pass on other regional transit systems is dependent upon RT maintaining transfer agreements with those agencies providing for the LRCCD pass be honored by the other agency and for RT to reimburse the agency for acceptance. RT will make every attempt to execute transfer agreements that honor the LRCCD pass with reimbursement rates from RT to its counterparties that are reasonable and equitable to both parties; however, RT may require, as a condition of continued inclusion of the LRCCD pass, that RT is not required to reimburse transfer partners for acceptance of the pass at a rate that exceeds RT's average fare recovery for LRCCD passholders. If, after good faith negotiations, RT is unable to reach an agreement with a transfer partner that ensures reimbursement to the transfer partner at a rate no greater than RT's average fare recovery ratio for the LRCCD pass, LRCCD will support RT and consent to exclusion of the LRCCD pass from the transfer agreement. Students that attend facilities in a city or county where no transit provider honors the LRCCD pass will not be assessed a transit fee for units taken at those facilities and, if they are enrolled only at centers in cities and counties where no transit provider honors the LRCCD pass, will not be eligible for a transit pass.
12. Enrollment Requirement. Persons who withdraw from LRCCD and/or drop or are dropped from all classes become ineligible for a transit pass. If/when the pass becomes implemented on the Connect Card, LRCCD will provide enrollment data to RT no less than once a month in a convenient electronic form and RT will remotely deactivate the LRCCD pass from the Connect Card for any students no longer enrolled. The Connect Card itself will remain useable for card holders who want to purchase and load regular RT fares.
13. Citation for Fare Evasion. Persons who ride RT light rail with a suspended/revoked LRCCD pass and who are without another form of valid fare may be cited for fare evasion.
14. Records. RT reserves the right to inspect and validate de-identified LRCCD records (i.e., data where personally identifying information has been removed) related to the agreement as needed.