

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	01/14/19	Open	Action	01/03/19

Subject: Amend Los Rios Contract to Increase Ridership

ISSUE

Whether or not to repeal Resolution No. 18-10-0108 and ratify the General Manager/CEO's execution of the Fourth Amendment to Student Transit Pass Agreement - 2015 with Los Rios Community College District to: remove the minimum unit requirement for receipt of the Los Rios Community College District Transit Pass for Spring 2019 and potentially beyond; extend the agreement expiration date to December 31, 2023, and allow students taking less than one unit to receive the semester pass at no cost.

RECOMMENDED ACTION

Adopt Resolution No. 19-01-____, Repealing Resolution No. 18-10-0108 and Ratifying the General Manager/CEO's Execution of the Fourth Amendment to the Student Transit Pass Agreement – 2015 with Los Rios Community College District to Remove the Minimum Unit Requirement for Spring 2019, Conditionally Remove the Minimum Unit Requirement for Future Semesters, Extend the Contract Expiration Date to December 31, 2023 and Allow Students Taking Less Than One Unit to Receive the Semester Pass at No Cost

FISCAL IMPACT

Update: Los Rios currently has approximately 200 students that take less than 1 unit at a single campus. These 200 students could obtain a semester pass at no cost rather than paying the one unit fee of \$2.25. The fiscal impact to SacRT is expected to be a reduction in revenue of approximately \$450.

10/22/18 Fiscal Impact: By removing the minimum unit requirement SacRT anticipates an increase to budgeted fare revenues of approximately \$70,000 for Fiscal Year (FY) 2019 (January through June 2019). The anticipated increase for a full fiscal year is \$140,000. There will be no changes to the students taking 4 or more units.

The potential ridership gain by approving this contract amendment could be 420,000 for six months and 840,000 annually thereafter.

DISCUSSION

10/22/18 Discussion:

As discussed at the August 13, 2018 Board meeting, SacRT has seen a decline in ridership from Los Rios Community College District (Los Rios) over the past three years. To combat the decline, SacRT has worked with Los Rios to restructure the Transit Pass program to allow all students, regardless of the number of units enrolled, to obtain the semester pass.

Approved:

Presented:

Final 01/18/19

General Manager/CEO

Treasury Controller

J:\Board Meeting Documents\2019\01 January 14, 2019\01-14-19 Los Rios Contract Ratification.docx

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Los Rios students held a special election on September 25, 2018 in which they passed the initiative to allow students to be assessed the \$2.25 per unit fee, regardless of number of units enrolled, enabling eligible students to obtain the semester pass and extending the agreement expiration date to December 31, 2023. There is a price escalation feature built into the original agreement with Los Rios, which will protect SacRT from inflationary increases of costs in future years.

On average there are approximately 15,000 students per semester that are enrolled in three units or fewer with Los Rios. Historically, Los Rios students take 56 rides per semester sticker issued. If half of the 15,000 students received their sticker and rode the system 56 times during the school year, SacRT could see an increase of 840,000 rides per year. The changes being requested to the contract benefit both the ridership and financial health of SacRT. Further, we continue to build a strong partnership with Los Rios and develop transit habits in college students that may become lifelong riders.

Prior to the conclusion of the Spring Semester 2019, SacRT will conduct a Title VI fare equity analysis to determine whether expanding the transit pass program to all enrolled students, regardless of the number of units taken, has a disparate impact on minority populations and also determine whether the fare change would create a disproportionate burden on low-income populations. If the Board determines that there is no disparate impact or disproportionate burden, the minimum unit requirement would be eliminated for the remainder of the Agreement term. If, however, the Board cannot make that finding, the minimum unit requirement will be reinstated while the parties evaluate alternatives to mitigate the negative impact.

At the October 22, 2018 Board meeting, the Board approved Resolution No. 18-10-0108 to approve the Fourth Amendment to the Student Transit Pass Agreement to make the changes to the program described above.

Update:

During preparation of the amendment and implementation of the Board direction received on October 22, 2018, SacRT became aware of system limitations at Los Rios that prevent Los Rios from charging a fee to students taking less than one unit. The Los Rios registration and fee system does not allow for charging a partial fee or rounding up to 1 unit for students taking less than 1 unit. Understanding this limitation, with the goal of increasing ridership, building lifelong riders and to ensure implementation of the change for the Spring 2019 semester, the General Manager/CEO executed the Fourth Amendment with a provision allowing students taking less than 1 unit to obtain a semester pass at no cost.

There are approximately 200 current students that take less than a single unit at any single Los Rios campus; therefore, SacRT's exposure to potential fraud and abuse is very limited. Los Rios will provide information each semester that includes the number of passes distributed to students at their unit enrolled level. This will enable SacRT to monitor the number of semester passes distributed to students taking less than one unit. If the number increases materially SacRT staff will revisit the issue with Los Rios and the SacRT Board of Directors.

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Staff recommends that the Board ratify the General Manager/CEO's execution of the Fourth Amendment with a provision allowing the distribution of semester passes to students taking less than one unit at no cost.

RESOLUTION NO. 19-01-_____

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

January 14, 2019

REPEALING RESOLUTION NO. 18-10-0108 AND RATIFYING THE GENERAL MANAGER/CEO'S EXECUTION OF THE FOURTH AMENDMENT TO THE STUDENT TRANSIT PASS AGREEMENT – 2015 WITH LOS RIOS COMMUNITY COLLEGE DISTRICT TO REMOVE THE MINIMUM UNIT REQUIREMENT FOR SPRING 2019, CONDITIONALLY REMOVE THE MINIMUM UNIT REQUIREMENT FOR FUTURE SEMESTERS, EXTEND THE CONTRACT EXPIRATION DATE TO DECEMBER 31, 2023 AND ALLOW STUDENTS TAKING LESS THAN ONE UNIT TO RECEIVE THE SEMESTER PASS AT NO COST

WHEREAS, SacRT and Los Rios Community College District ("Los Rios") 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, the Board authorized a five-year agreement in 2015, ending December 31, 2020 which imposed a minimum unit requirement to be eligible to receive a transit pass; and

WHEREAS, in October 2018, this Board approved Resolution No. 18-10-0108 to remove the minimum unit requirement and extend the term of the Agreement by 3 years; and.

WHEREAS, subsequent to that decision, Los Rios notified SacRT that system limitations would preclude imposing the fee on students taking less than one unit; and

WHEREAS, to ensure timely implementation of the changes, the General Manager/CEO executed the Fourth Amendment to the Student Pass Program with provisions allowing students taking less than one unit to receive the semester pass at no cost.

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

THAT, Resolution No. 18-10-0108 is hereby repealed.

THAT, the Board hereby ratifies the General Manager/CEO's execution of the Fourth Amendment to Student Transit Pass Agreement – 2015 with Los Rios Community College District whereby the minimum unit requirement for receipt of the Los Rios Community College District Transit Pass was removed for Spring 2019 and conditionally removed for semesters beyond Spring 2019, the term was extended to December 31, 2023, and students taking less than one unit were made eligible to receive the transit pass as no cost.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary