

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	05/13/19	Open	Information	05/07/19

Subject: Student Pass Program for Students Living or Attending School in the City of Sacramento

ISSUE

Discussion regarding a Student transit pass program for all Students (grades TK-12) who live in the City of Sacramento or go to school in the City of Sacramento.

RECOMMENDED ACTION

None. Information Only.

INTRODUCTION

Over the past several months SacRT has worked hard to build ridership. With support from the Board, Staff has successfully implemented a number of new initiatives. These initiatives have begun to have an impact and SacRT is beginning to see positive returns on ridership. Staff is looking to build on this success and take it to the next level by partnering on an exciting program with the City of Sacramento.

SacRT and Councilmember Schenirer's Staff have been working on a new initiative, intended to be revenue neutral for SacRT and funded primarily by the City of Sacramento, that would allow all grade TK-12 students who either go to school within the City limits of Sacramento or reside within the City limits but attend a school outside the City's boundaries to ride SacRT's services for free with a School ID and special sticker. This exciting opportunity could provide over 100,000 students the opportunity to ride any of SacRT's fixed route or SmaRT Ride services at any time free of charge for an initial period of approximately one year. The program will be evaluated on an annual basis and considered for renewal each year by both the SacRT Board and the City of Sacramento.

The Student Ridership Initiative being considered by the City falls under the umbrella of the Citywide Youth Development Campaign Plan unanimously adopted by the Sacramento City Council. The City's vision is to ensure all Sacramento youth are valued and reach their fullest potential. Transportation is viewed as a key element to reaching this vision and currently represents a significant barrier for many Sacramento youth traveling to school or internships/jobs, especially those in lower income households.

DISCUSSION ON COMPARABLE PROGRAMS

While a program of this nature is not unprecedented, the number of students this initiative could reach is unique. Several transit agencies around the country have attempted limited versions of programs similar to the one being pursued here, but rarely have they impacted the number of students that will be eligible in Sacramento under the Student Ridership Initiative.

Approved:

Presented:

Final 05/08/19

General Manager/CEO

VP, Finance and Procurement/CFO

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The Washington Metropolitan Area Transit Authority (WMATA) partnered with the District of Columbia (DC) to implement the “Kids Ride Free Program” in 2013 (program funded by the District of Columbia). During the 2017-2018 school year, the Kids Ride Free Program saw 32,000 students try transit out of an eligible population of about 90,000 students (35%). Ridership is quite high among the students who participate, with WMATA receiving more than 250,000 boardings per week from students (more than 8 rides per week per student).

In 2016, the City of Toronto partnered with the Toronto Transit Commission to offer free rides to all children under the age of 12 (program funded by the City of Toronto). In Toronto, transit ridership among children 12 and under doubled in the first year of implementation from 11,000,000, to 22,000,000 with even greater growth projected for future years. The Initiative being proposed in Sacramento would provide free rides for all students in grades TK-12 (approximately age 18) rather than just children 12 years old and younger.

More locally, the Alameda County Transportation Commission (Alameda CTC) recently voted to approve an expansion and extension of the Affordable Student Transit Pass Pilot (STPP). The STPP allows for students who fall below pre-defined income levels and attend participating schools to obtain free transit passes on local transit agencies (program funded in part by Alameda County Measure BB). The pilot has been quite successful and participation has increased each year from its inception in the 2016-2017 school year. In year one, 36% of eligible students participated; in year two, that number grew to 48% and so far in year three 57% of eligible students have already participated in the STPP. While the program participation to date has been fantastic, one concern that the Alameda CTC mentioned was the increasing administration costs as the program expands. Verification of eligibility, especially on the basis of income, can be difficult and costly for transit agencies to administer.

Finally, the San Francisco Municipal Transportation Agency (SFMTA) also provides a free means based transit pass to students. Like the STPP in Alameda County, program participation is high, but program administration was considered a significant hurdle. In fact, SFMTA now uses the “honor system” to administer the program and students simply register themselves online. While the program is still marketed to low income families, income verification is not actually done by SFMTA prior to issuing the student a free ride pass.

As previously mentioned, the Student Ridership Initiative as proposed will allow for all students living or attending school in Sacramento to ride for free and therefore will significantly lower the difficulties and costs related to administration.

DISCUSSION ON SACRT FARE REVENUE AND RIDERSHIP

A primary focus of the Student Ridership Initiative in Sacramento is to implement the program in a manner that is near revenue neutral for SacRT, but increases ridership and reduces greenhouse gas emissions and congestion. SacRT has recently adopted several initiatives that are anticipated to bring additional ridership to the region but are also expected to reduce revenues for SacRT.

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Fiscal responsibility continues to remain a top priority and, therefore, Staff is seeking to implement the proposed initiative in a manner that is simple to administer with minimal impacts to SacRT revenues and expenses.

A recent analysis of SacRT fare revenues found that students either attending K-12 school or living within the City of Sacramento boundaries contribute approximately \$1,000,000 annually. In the coming weeks, Councilmember Schenirer will request that the Sacramento City Council support this Initiative through a budget request offsetting the fare revenue loss resulting from the student transit pass program’s implementation. Assuming City funding support and no proposed changes to SacRT’s transit services, SacRT could implement this program without a negative budgetary impact in FY2020. Once the funding is secured, the Board would be asked to approve a funding agreement with the City under which SacRT would agree to create a new group pass type for students meeting the eligibility criteria, subject to Board approval of the required Title VI analysis. The intent would be to implement the program in Fall 2019 if the required approvals and implementation measures can be accomplished in time.

Given that this program would be one of the first of its kind in the nation, determining the ridership impact proved to be difficult. Industry standard elasticity calculations do not apply when fares are completely eliminated. Instead Staff turned to two other internal offerings that are similar in nature to the proposed initiative.

College students who attend Sac State and Los Rios have a small transportation fee built into their registration costs. This fee is paid by nearly 100% of students and they are eligible to obtain a semester long transportation pass at no additional cost. Because the transportation fee is mandatory, the semester pass these students receive can be viewed as “free”. Based on historical ridership trends, SacRT receives on average approximately 50 boardings per year from each eligible Los Rios student (75,000 students) and 30 boardings per year from each eligible Sac State student (30,000 students).

SacRT is estimating that approximately 100,000 students will be eligible to participate in the Student Ridership Initiative. Assuming participation is less likely for younger students, Staff excluded students in grades K-5 (est. 46,154 students) from its analysis to ensure that the estimated increase in ridership is conservative. Table 1 below represents the analysis used to determine the estimated increase in ridership:

Table 1

Eligible students (Grades 6-12 only)	53,846
Average rides/student annually*	39.52
Estimated ridership	2,128,185
Current ridership (eligible students)	1,025,079
Estimated ridership gain	1,103,106
Percentage ridership gain	108%

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**Methodology used to calculate average rides/student annually was based on Los Rios and Sac State historical data. See previous discussion for details.*

It is important to note that the estimated ridership total of 2,128,125 boardings reflects only a single possible outcome. Based on the comparable offerings analyzed above, the expected range of potential boardings varies from a low of 1,596,698 (56% increase) to a high of 2,659,673 (159% increase). In any case, the Student Ridership Initiative has the potential to bring substantial ridership gains for SacRT.

DISCUSSION ON PROGRAM ADMINISTRATION

If the program is implemented, initial passes would be made available in the form of a sticker to be placed directly on the Student’s School ID card. The sticker itself will provide enhanced fraud prevention measures by revealing a void (or other clear language) message if the sticker is removed from the Student’s School ID card. If the program continues beyond the first year, it is likely that the form of fare media may change in future years to accommodate new technologies (Connect Card, ZipPass, etc.). While the program is anticipated to be renewed annually, it is likely that the stickers will be valid for a 13 or 14 month period this year. The additional time will ensure that eligible students are able to continue to ride the following school year until the schools issues a new ID card.

SacRT and the City of Sacramento are partnering with local school districts to assist with the administration of the Student Ridership Initiative. Agreements would be put in place with each interested school district to specify the distribution requirements and process. Schools located within City of Sacramento boundaries would be asked to distribute the free ride passes/stickers to all students. Staff anticipates obtaining enrollment information from eligible schools to determine the number of stickers to distribute each school. Schools that are outside the City limits could also obtain stickers from SacRT, but control procedures would need to be put in place by these schools to ensure that only City of Sacramento residents would be able to obtain a sticker. Additionally, it is likely that SacRT and the City of Sacramento would partner to issue the stickers to eligible students in other public locations as well (libraries, City Hall, community centers, etc.). It is also important to note that students who are experiencing homelessness and/or a part of foster programs will also be allowed to participate in the Student Ridership Initiative regardless of current residence address or school address. More details about the program administration will be available in the coming months.

CONCLUSION

Over the next two months, SacRT and the City of Sacramento will to work together to finalize the funding agreement framework for the Student Ridership Initiative. Additionally, federal regulations require that that a Title VI fare equity analysis be completed by Staff and approved by the Board prior to the implementation of a new fare or group pass. Staff is beginning work now on the analysis in anticipation of the funding agreement completion and is anticipating returning to the

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Board in July for potential adoption of the new fare type. Given the overwhelming potential for ridership gains and minimal impacts to fare revenue, Staff is seeking to discuss the potential initiative with the Board to answer questions and garner feedback regarding the proposed program.