



## STAFF REPORT

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**DATE:** August 24, 2020  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Brent Bernegger, VP, Finance/CFO  
**SUBJ:** RYDEFREERT YEAR 2

### RECOMMENDATION

Adopt the Attached Resolutions.

### RESULT OF RECOMMENDED ACTION

The recommended actions will approve a funding model for Year 2 of RydeFreeRT and delegate authority to the General Manager/CEO to approve an amendment and restatement to the existing pass agreement with the City of Sacramento.

### FISCAL IMPACT

The estimated potential fiscal impact of the proposed resolution is a loss in fare revenues of up to \$229,121 from October 1, 2020 through the remainder of FY21. This estimate assumes that only the City of Sacramento agrees to provide funding.

### DISCUSSION

The RydeFreeRT program provides free rides to TK-12 students who live or attend school within SacRT's service area on SacRT's fixed route bus, light rail and SmarT Ride services. The program was a huge success in Year 1, as student ridership more than doubled just months into the program. Unfortunately, school closures in the area due to COVID-19 limited the impact of RydeFreeRT beginning in March and continues to affect students to this day. Year 1 participants remain eligible for free rides through September 30, 2020. The following is a brief discussion regarding some changes that Staff is proposing for Year 2, given the impact of COVID-19 on student participation and service levels at SacRT.

Funding requests for Year 1 of RydeFreeRT were determined by calculating the average fare that SacRT collected from students across the network and applying the total proportionately to the ridership that occurred in each jurisdiction prior to launch. This analysis found that SacRT received approximately \$0.84 per ride from students on over 1.7 million boardings per year, accounting for nearly \$1.5 million in fare revenue annually. SacRT was able to successfully negotiate funding agreements with the cities of Sacramento, Folsom, Rancho Cordova and Citrus Heights. While SacRT was unsuccessful in negotiating an agreement with the County of Sacramento, both the Twin Rivers Unified School District and the San Juan Unified School District funded the program for their students, leaving only a limited number of students in the unincorporated county not funded.

Prior to the launch of RydeFreeRT, Staff implemented a mechanism to track student ridership on the bus by adding a dedicated button to the farebox for operators to push when students boarded the bus. By February of 2020, raw button push data suggested that as much as 25% of SacRT’s bus ridership was made up of students. At the same time, SacRT was beginning its annual fare survey where staff members board SacRT vehicles and record the fare type paid by all passengers separately from the operators. While the survey had to be cut short due to COVID-19, initial reports confirmed the 25% student ridership percentage on bus. Staff combined this analysis with other methodologies and ultimately reported that student ridership made up approximately 20% of all bus riders by February 2020.

Due to COVID-19, ridership at SacRT was down nearly 60% in July compared to 2019. While this is an improvement from peak losses that were in the 75% range, the significant ridership reduction has prompted the city partners to revisit the funding requirements of the program. Recently, Staff has been in discussions with the City of Sacramento regarding potential reductions to the amount of revenue that SacRT may receive for Year 2. Staff has also approached other jurisdictions and will provide them with the same analysis and seek their participation for Year 2.

As part of the discussion with the City of Sacramento, Staff completed an analysis to review student ridership since school closures took effect in March 2020. The same conservative methodologies that found that nearly 20% of all bus rides were students in February suggests that approximately 15% of bus passengers are students post-COVID. This information, combined with ongoing rail surveys (~5% student participation on rail), imply that currently 9.5% of all SacRT passengers are students. Staff will be using this information to project RydeFreeRT Year 2 ridership while schools are closed.

In an effort to ensure that both SacRT and our funding partners are incentivized to promote student ridership, staff will be proposing a flexible billing methodology for RydeFreeRT in Year 2. Jurisdictions will be billed quarterly (beginning October 2020), prior to the beginning of each quarter based on two factors: 1) anticipated school closures in their jurisdiction and 2) SacRT’s anticipated level of service offered during the quarter. If schools remain closed or SacRT’s service does not return to pre-COVID levels (for services frequently used for student transportation to and from school), jurisdictions will be billed using the projected ridership-based model displayed in Table 1. If ridership levels fall materially below the amounts suggested in Table 1 SacRT will credit our funding partners an amount that will bring down the prior quarters billing to previously discussed \$0.84 per ride. Staff is currently negotiating with our funding partners thresholds that could trigger billing adjustments.:

**Table 1**

Period	City of Sacramento	County of Sacramento	Citrus Heights	Rancho Cordova	Folsom	Total
Oct-Dec	\$146,245	\$51,186	\$5,119	\$5,119	\$5,119	\$212,787
Jan-Mar	\$167,449	\$58,607	\$5,861	\$5,861	\$5,861	\$243,639
Apr-Jun	\$189,869	\$66,454	\$6,645	\$6,645	\$6,645	\$276,260
Jul-Sep*	\$208,451	\$72,958	\$7,296	\$7,296	\$7,296	\$303,296
Total	\$712,014	\$ 249,205	\$24,921	\$ 24,921	\$24,921	\$1,035,981

*\*Jul-Sep represent potential FY22 fare revenues.*

If schools reopen and SacRT service levels return to pre-COVID levels, then jurisdictions will be billed quarterly at a flat rate equal to Year 1 funding levels. See Table 2 below for details.

**Table 2**

<u>Period</u>	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>Citrus Heights</u>	<u>Rancho Cordova</u>	<u>Folsom</u>	<u>Total</u>
Oct-Dec	\$250,000	\$87,500	\$8,750	\$8,750	\$8,750	\$363,750
Jan-Mar	\$ 250,000	\$ 87,500	\$8,750	\$8,750	\$8,750	\$363,750
Apr-Jun	\$250,000	\$87,500	\$8,750	\$8,750	\$8,750	\$363,750
Jul-Sep*	\$250,000	\$87,500	\$8,750	\$8,750	\$8,750	\$363,750
Total	\$1,000,000	\$350,000	\$35,000	\$35,000	\$35,000	\$1,455,000

*\*Jul-Sep represent potential FY22 fare revenues.*

At the end of each quarter, Staff will send a supplemental invoice to participating jurisdictions for the prorated difference if a change in circumstances occurs during a billing period. If the reverse is true and schools close or SacRT reduces its service levels during a quarter previously billed at the higher rate, Staff will credit the jurisdiction appropriately.

The RydeFreeRT program was a huge success in Year 1 and keeping the momentum going forward in Year 2 will be vital for promoting lifetime riders and maintaining strong partnerships in our community. Staff is working with Staff at the City of Sacramento and has received information indicating that this will be brought forward to the City of Sacramento's Council meeting on August 25, 2020 for approval of Year 2 funding. SacRT Staff is committed to securing funds from as many other jurisdictions and school districts as possible and will report back to the Board in the future with the result of those negotiations. At this time, Staff is requesting that the Board approve issuance and use of an Annual Student (TK-12) Pass for all students living or attending school within SacRT's service boundary contingent upon successful completion of an Amended and Restated Student Ridership Initiative Student Transit Pass Agreement with the City of Sacramento.

RESOLUTION NO. 20-08-0078

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

August 24, 2020

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE THE AMENDED AND RESTATED STUDENT RIDERSHIP INITIATIVE STUDENT TRANSIT PASS AGREEMENT WITH THE CITY OF SACRAMENTO**

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

THAT, authority is hereby delegated to the General Manager/CEO to enter into an Amended and Restated Student Ridership Initiative Student Transit Pass Agreement by and between the City of Sacramento (therein "City") and the Sacramento Regional Transit District (therein "SacRT") whereby, the term is extended to September 30, 2021 and City agrees to pay an amount (billed quarterly) equal to \$0.84 per ride up to a total consideration of \$1,000,000 (depending on school closures and SacRT's level of service) as consideration for SacRT to permit Students who live in or attend school within the boundaries of the City or who are homeless or in foster care within the City to ride SacRT services at no cost for the period from October 1, 2020 until September 30, 2021 using an Annual Student (TK-12) Pass.

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 20-08-0079

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

August 24, 2020

**CONDITIONALLY AUTHORIZING STUDENTS (TK-12) RESIDING IN OR ATTENDING SCHOOL OUTSIDE THE CITY LIMITS OF SACRAMENTO AND WITHIN SACRT'S SERVICE BOUNDARY TO OBTAIN AN ANNUAL STUDENT (TK-12) PASS PREPAID FARE VALID FROM OCTOBER 1, 2020 THROUGH SEPTEMBER 30, 2021 WITHOUT PAYMENT BY A SPONSORING ENTITY**

WHEREAS, the intent of the Annual Student (TK-12) Pass is to permit a municipal jurisdiction, school district, or private school to obtain an annual transit pass for all Students (as defined in the SacRT Fare Structure) residing in or attending school within the jurisdiction, district or school, subject to payment by the sponsoring entity of a fee to compensate SacRT for the estimated fare revenue that would otherwise be generated by fares that would have been paid by covered students; and

WHEREAS, staff has reached agreement in principle with the City of Sacramento but has yet to negotiate agreements with other jurisdictions; and

WHEREAS, to provide an opportunity to maximize access to public transit services for the Student population within the boundaries of SacRT, the Board of Directors desires to provide the Annual Student (TK-12) Pass to otherwise ineligible Students residing or attending school outside the City of Sacramento and within the district boundaries of SacRT without payment of the corresponding fee by a sponsoring entity, for the period of October 1 2020 to September 30, 2021, conditioned upon execution of an agreement with the City of Sacramento to provide funding for Students residing within or attending school within the boundaries of the City of Sacramento.

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

THAT, effective upon entering SacRT into an amended and restated Student Ridership Initiative Student Transit Pass Agreement with the City of Sacramento for the Annual TK-12 Pass and continuing until September 30, 2021, Students residing or attending school outside of the city limits of Sacramento, but within the district boundaries of SacRT, may obtain and use an Annual Student (TK-12) Pass valid from October 1, 2020 to September 30, 2021 without payment of the required fee by a sponsoring entity, as specified in the Fare Structure.

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STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By:

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Cindy Brooks, Assistant Secretary