

## **STAFF REPORT**

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**DATE:** October 23, 2023  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO  
TO ENTER INTO A STUDENT TRANSIT PASS AGREEMENT –  
2023 WITH LOS RIOS COMMUNITY COLLEGE DISTRICT

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Approval of the attached Resolution will delegate authority to the General Manager/CEO to enter into a new agreement that will continue the Student Transit Pass program with the Los Rios Community College District (Los Rios) through December 31, 2028.

### FISCAL IMPACT

Staff estimates that approval of the Los Rios Student Transit Pass Agreement will result in fare revenues exceeding the FY24 budget by approximately \$140,000 (because the budgeted amount was based on the then-current per unit rate of \$2.75), and secure approximately \$2.4M in annual revenue through December 2028. The existing Student Transit Pass Agreement - 2015 will expire on December 31, 2023. If a new agreement is not executed, this guaranteed revenue source budgeted to be \$1.1M for the remainder of FY24 will be eliminated.

### DISCUSSION

SacRT and Los Rios have had a student transit pass agreement in place since 2007. The long-term partnership has proven mutually beneficial over the years, providing low-cost transportation options to students and promoting lifelong passengers for SacRT. In simple terms, virtually all students pay a transportation fee as part of their registration in exchange for access to an unlimited transit pass for the semester. The fee under the existing agreement is variable based on the number of units, with a current cost of \$3.00 per unit with a maximum of \$45 (the original rate in the 2015 agreement was \$2.10 per unit and the agreement included an inflation adjustment that led to the current cost of \$3.00 per unit). The 2015 agreement represented a significant increase to the transit fee that was in effect prior to that time, and the affected student population is disproportionately low-income and minority as compared to SacRT's overall ridership. As a result, in connection with approval of the current agreement, SacRT conducted and in December 2015 the Board of Directors approved a fare equity analysis for the 2015

agreement, finding that despite the increase in the overall average fare paid by minority and economically disadvantaged groups as a result of the increased transit pass cost, there was a substantial legitimate justification for approving the program (namely that the affected students still receive a significant discount as compared to purchasing fare media at face value).

With the existing agreement set to expire on December 31, 2023, SacRT and Los Rios staff began working with students to determine an agreeable fee structure for the next several years. Student involvement is paramount in this process because a student vote is required under the Education Code (Section 76361) to assess a transportation fee. Discussions with student leadership and Los Rios staff brought forward three primary concerns: (1) volatility of the per unit fee due to unpredictable inflationary impacts; (2) the increasing cost of the transportation fee, especially for full-time students enrolled in more than 12 units; and (3) the increasing online course offerings for students that decrease the need for transportation services.

In response to these concerns, SacRT staff proposed to fix the transportation fee at the current rate \$3.00 per unit for the duration of the 5-year term and cap student contribution after 12 units (\$36). On October 12, 2023, SacRT was informed that the general contract terms as stated above were approved with record voter turnout and 80% of students who participated voted to pass the measure.

Staff considered the proposed terms of the new agreement and determined that a new Title VI analysis is not necessary given that (1) the student population eligible to receive the pass is unchanged; and (2) the per unit fee proposed is unchanged and fixed at current levels such that this approval does not represent a “fare change”. If a Title VI analysis were to be done, SacRT does not anticipate that it would find a disparate impact or disproportionate burden given that change in the proposed terms actually reduces the maximum fee payable by a small percentage of Los Rios students, namely those taking more than 12 units per semester.

The FY24 budget was completed prior to the fee change and assumed \$2.34M of fare revenue from Los Rios based on the spring semester rate of \$2.75 per unit. Staff anticipates the combined impact of the \$3.00 per unit fee and 12-unit cap will result in an increase in fare revenue of approximately \$140,000 in FY24. There is less certainty about the impact that the proposed agreement language will have on SacRT fare revenues in future years as compared to the current methodology, which provides for inflation-based fee increases. If the current rate of inflation were to continue and the per unit fees continued to increase, SacRT could have generated an additional \$1.7M in potential fare revenue over the 5-year period. However, this analysis is purely speculative, as it is unclear that the student population would have voted affirmatively to continue the pass program on the current terms and SacRT’s ability to negotiate the terms with Los Rios is limited by the need for a student vote. Some of the potential revenue loss may be offset by increased student enrollment over the 5-year period. Because the fee is almost universally assessed, SacRT’s average revenue per ride may actually increase over the term of the agreement if student ridership declines. Moreover, Staff believes that the benefits of providing low-cost transportation to students and promoting lifelong transit usage outweigh the potential losses in fare revenue.

Since 2015, several improvements have been made to the transit pass program to make it more accessible to students and reduce fraud by creating an electronic form of the pass, which can be redeemed through student-specific email addresses and more easily allows for pass deactivation if students subsequently disenroll.

Because of the recency of the vote, SacRT and Los Rios have just started drafting and reviewing the new agreement, which is why the Board is being asked to delegate authority to the General Manager/CEO to execute the agreement upon conclusion of the drafting process.

RESOLUTION NO. 2023-10-100

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

October 23, 2023

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO A STUDENT TRANSIT PASS AGREEMENT – 2023 WITH LOS RIOS COMMUNITY COLLEGE DISTRICT**

WHEREAS, the current Student Transit Pass Agreement – 2015 between the Sacramento Regional Transit District (SacRT) and Los Rios Community College District (Los Rios) will expire on December 31, 2023; and

WHEREAS, pursuant to Education Code Section 76361, Los Rios students have affirmatively voted to continue to assess a transportation fee to obtain a fare discount for SacRT services; and

WHEREAS, SacRT and Los Rios are negotiating the final terms of a new Student Transit Pass Agreement – 2023 to continue the student transit pass program.

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 a Student Transit Pass Agreement – 2023 with the Los Rios Community College District (“Los Rios”) whereby Los Rios will assess students and transmit to SacRT a transportation fee of \$3.00 per unit per semester, up to a maximum of \$36 per semester, as consideration for SacRT providing unlimited rides on the SacRT bus and light rail system to all holders of a valid transit pass for a 5-year term upon conclusion of negotiations of the terms of the agreement.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary