

STAFF REPORT

DATE: June 10, 2024
TO: Sacramento Regional Transit Board of Directors
FROM: Jason Johnson, VP, Finance/CFO
SUBJ: APPROVING THE ISSUANCE OF AN ANNUAL STUDENT (TK-12) PASS TO STUDENTS WITHOUT A FULL FARE SUBSIDY AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE STUDENT TRANSIT PASS AGREEMENTS FOR THE RYDEFREERT PROGRAM

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

The attached Resolutions will provide a path forward for continuing the RydeFreeRT program for all Students within SacRT's jurisdiction.

FISCAL IMPACT

The proposed Fiscal Year (FY) 2025 budget includes \$1,305,000 in funding from RydeFreeRT program sponsors. This amount is \$250,000 lower than FY 2024. The funding difference shortfall is due to a change in the funding model proposed by the City of Sacramento.

While SacRT and the City of Sacramento have an agreement in place (Ryde Free RT Student Transit Pass Agreement (2022-2025)) for the City to provide funding for the program through June 30, 2025 up to \$1,000,000 per fiscal year (\$.84 per ride), the agreement specifies that it will automatically terminate effective June 30 if, prior to June 29, the City Council fails to appropriate or allocate funds for the subsequent fiscal year.

SacRT staff has had several discussions with the City of Sacramento and other partner agencies regarding fairness and equity in the distribution of funding for this program. Based on that goal, SacRT staff supports a recent Budget Memo released by Mayor Steinberg proposes \$250,000 in RydeFreeRT funding this year and suggests a long-term funding model that shares the cost of the program among the City, local school districts, and SacRT (in addition to the contributions already received from the County of Sacramento and other city members of SacRT).

The new funding model proposes the City of Sacramento funding share, previously \$1,000,000 annually, be split between the City and schools within the City limits. Staff believes that it is possible to recoup as much as \$750,000 of the prior year's \$1,000,000 funding level during FY 2025. Funds in the amount of \$250,000 are expected to come from the City of Sacramento (a new agreement or amendment to the existing agreement would be required to secure this funding). SacRT received a commitment letter to fund a total of \$250,000 for FY 2025 from Twin Rivers Unified School District (TRUSD), Natomas Unified School District (NUSD) and Elk Grove Unified School District (EGUSD) combined and as much as \$250,000 may be recouped from the Sacramento City Unified School District (SCUSD). The final \$250,000 is not expected to be realized in FY 2025; Staff intends to approach independent charters, private schools and other school districts to secure this funding for future years.

In summary, approval of the attached Resolutions will not result in a budget shortfall in FY 2025 if staff is successful in securing \$750,000 in funding from a combination of the City of Sacramento and the school districts listed above in FY 2025. If one or more of the jurisdictions opts not to contribute, there will be a funding shortfall.

Table 1 below displays the FY 2024 program funding sources as well as the proposed FY 2025 funding contributions:

Table 1

Proposed Funding Partner	FY 2024 Contribution	Proposed FY 2025 Contribution
City of Sacramento	\$1,000,000	\$250,000
SCUSD, TRUSD, NUSD, EGUSD	N/A	\$500,000
Other City of Sacramento Schools*	N/A	N/A
Elk Grove, Rancho Cordova, Citrus Heights, Folsom	\$205,000	\$205,000
County of Sacramento	\$350,000	\$350,000
Total RydeFreeRT Funding	\$1,555,000	\$1,305,000

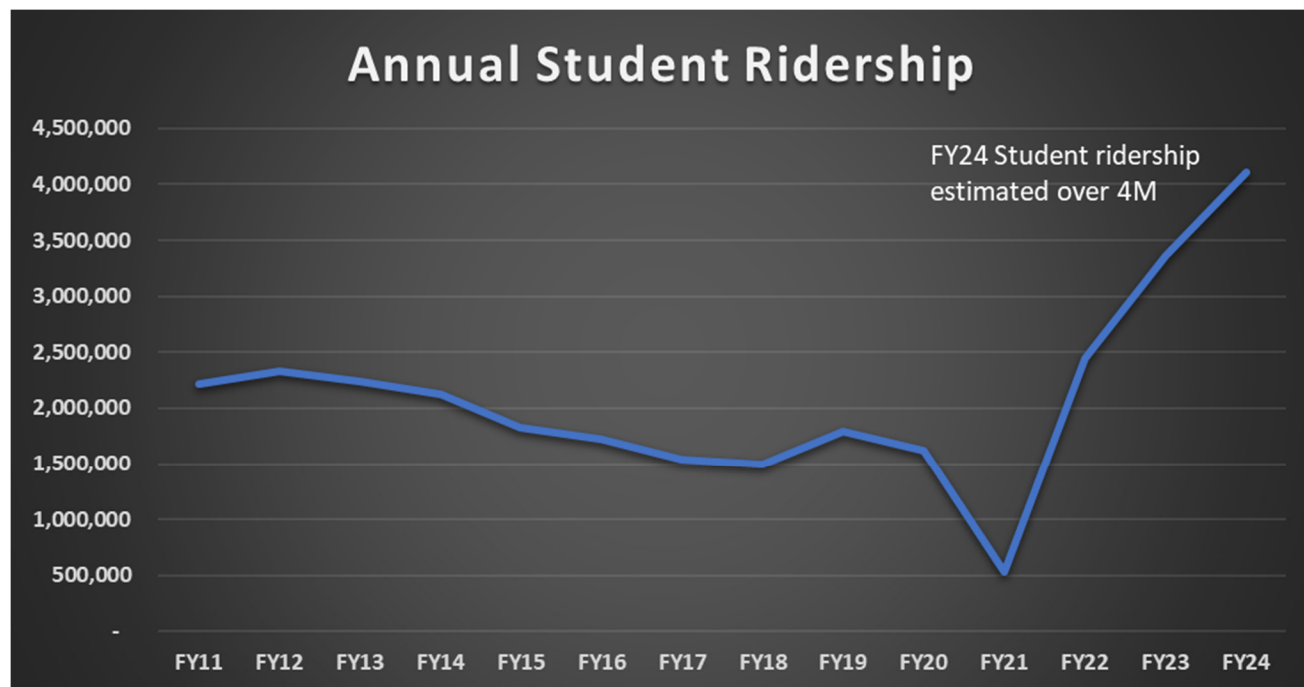
**Other City of Sacramento schools include independent charter schools, private schools, and other school districts that may have a limited number of students attending school within the city limits of Sacramento.*

DISCUSSION

The RydeFreeRT program was launched in October 2019 and instantly led to increased ridership from students in grades TK-12. By February 2020 (pre-COVID-19) student ridership had more than doubled compared to prior years. The program was extremely successful and has received extensive positive feedback from students, parents, and community stakeholders.

Student ridership declined following the onset of COVID-19 but has rebounded strongly. In FY 2024, SacRT projects to carry more than 4 million students, approximately two and a half times what it was immediately before the pandemic and before the launch of the

RydeFreeRT program. The chart below demonstrates the ridership growth among students in recent years.



In addition to ridership, the program has many other benefits. SacRT provides convenient mobility options to students to get to and from school and also to internships and other activities. In turn, SacRT is creating lifetime riders by instilling positive transit habits at a young age. SacRT is also significantly addressing climate change through reduced emissions and vehicle miles traveled. Parents and regional roadways benefit from less congestion at school sites caused by pick up/drop off lines. Increasing access to SacRT has provided students with more reliable school transportation options and a path to economic prosperity. Because the program reduces absenteeism, schools obtain a financial benefit through additional state funding, which is based on average daily attendance.

The RydeFreeRT program is funded through partnerships with local jurisdictions and school districts. In the past SacRT has partnered with the cities of Sacramento, Elk Grove, Folsom, Citrus Heights, and Rancho Cordova, as well as the County of Sacramento and various school districts to receive funding for RydeFreeRT on an annual basis. While SacRT's partner jurisdictions are all very supportive of the RydeFreeRT program, funding is often not guaranteed until after annual budgets have been approved across the region.

To alleviate concerns regarding funding, Staff has been pursuing multi-year agreements with other partner jurisdictions and is recommending today that the Board delegate authority to the General Manager/CEO to enter into funding agreements with other partner jurisdictions as the terms are finalized.

Specifically with respect to the County of Sacramento, Staff is in negotiations with the County for a 3-year agreement with two option years that would provide SacRT with

\$350,000 of funding per year, assuming the RydeFreeRT program is included in the County budget. County staff has informed SacRT that the RydeFreeRT funding is included in the proposed FY 2024-2025 County budget. While the multi-year agreement does not fully guarantee long-term funding, it does reiterate the County's support of the program.

Understanding that all public agencies are facing funding constraints, SacRT will also work with the cities, County, school districts, and any other identified stakeholders to develop an alternative and equitable funding plan to ensure the sustainability of this vital program for the community. In the meantime, many students have come to rely on this program for year-round transportation needs and a sudden elimination of the program would wreak havoc on many households already struggling with ever-increasing prices.

Therefore, Staff is recommending that the Board approve the issuance of Annual TK-12 Student Passes (RydeFreeRT passes) for FY 2025 without a full fare subsidy in place.

RESOLUTION NO. 2024-06-055

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

June 10, 2024

APPROVING THE ISSUANCE OF AN ANNUAL STUDENT (TK-12) PASS TO STUDENTS WITHOUT A FULL FARE SUBSIDY

WHEREAS, the intent of the Annual Student (TK-12) Pass, as set out in the SacRT Fare Structure, 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, under the adopted definition in the Fare Structure (added by 19-08-0093 and subsequently amended), an Annual TK-12 Pass is valid only if the pass is issued to an eligible Student based on a fare subsidy agreement or, alternatively, if the Board adopts a resolution authorizing the Pass to be distributed to a Student without payment of the required fee; and

WHEREAS to provide an opportunity to maximize access to public transit services for Students 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 within the district boundaries of SacRT without payment of the full subsidy amount by a sponsoring entity, for the period of July 1, 2024 to June 30, 2025.

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

THAT, for the period from July 1, 2024 to June 30, 2025, all Students residing or attending school within the district boundaries of SacRT may obtain and use an Annual Student (TK-12) Pass valid from July 1, 2024 to June 30, 2025, without full payment of the required fee by a sponsoring entity, as specified in the Fare Structure.

PATRICK KENNEDY, Chair

A T T E S T:
HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary

RESOLUTION NO. 2024-06-056

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

June 10, 2024

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE STUDENT TRANSIT PASS AGREEMENTS FOR THE RYDEFREERT 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 negotiate and execute agreements that provide financial support for the RydeFreeRT Annual Student (TK-12) Pass that would otherwise be in excess of his authority under Title XIV of the SacRT Administrative Code.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary