

POTENTIAL IMPACT OF FREE FARE BILLS

AB 1350 / AB 2012 – and Discussion of Options

March 4, 2017



LEGISLATION

“Fare free” transit is a growing topic in Sacramento and Nationwide...

GOALS --

“Making transit more affordable is one motive, but the main point is combating climate change by creating a new generation of lifetime public transit users.”

“More funding available for transit (SB 1 etc.) but ridership hasn’t increased. This would fix that...”

Unknown? Who will pay for it?

EXAMPLES



The City of Sacramento provided SacRT with \$1 million, as well as additional funds from school districts to counter revenue loss.

Student Ridership increased 100%+.



GCTD receives \$1.10 per college student boarding through the LCTOP “pilot” grant program.

Ridership growth seen on routes serving colleges.

LEGISLATION

There are currently three “FARE FREE” bills...

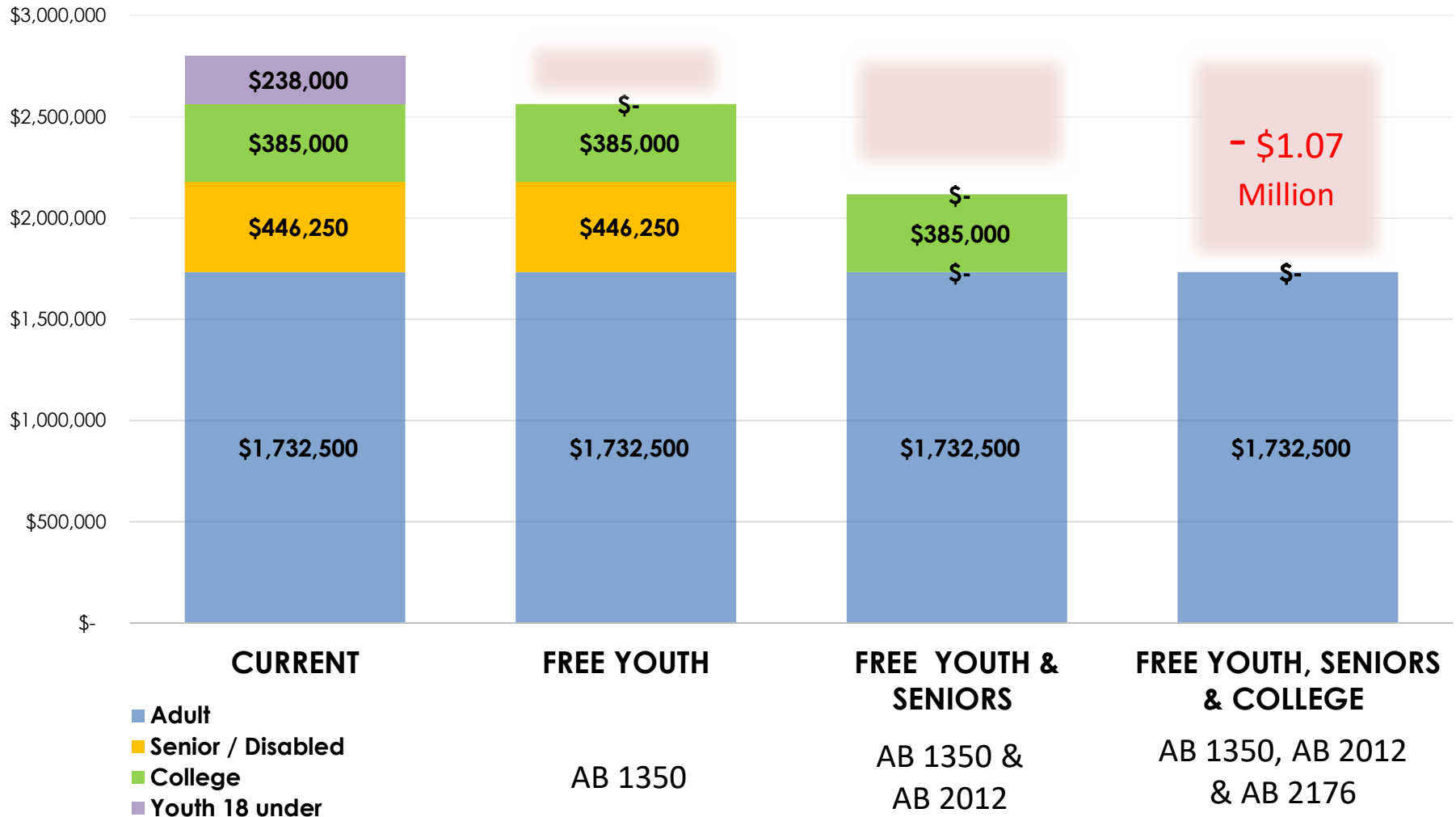
AB 1350 (Gonzalez) – Requires free transit for Youth 18 and under. *High likelihood of passing. (Unanimous Support in Assembly, now in Senate)*

AB 2012 (Chu) – Requires free transit for Seniors 65 and over. *(status unknown – Senior/ADA Paratransit impact concerns)*

AB 2176 (Holden) – Requires free transit for UC, CSU, CCC students. Would make student fees to fund such service illegal. *(status unknown – loss of revenue from colleges a concern)*

FISCAL IMPACT

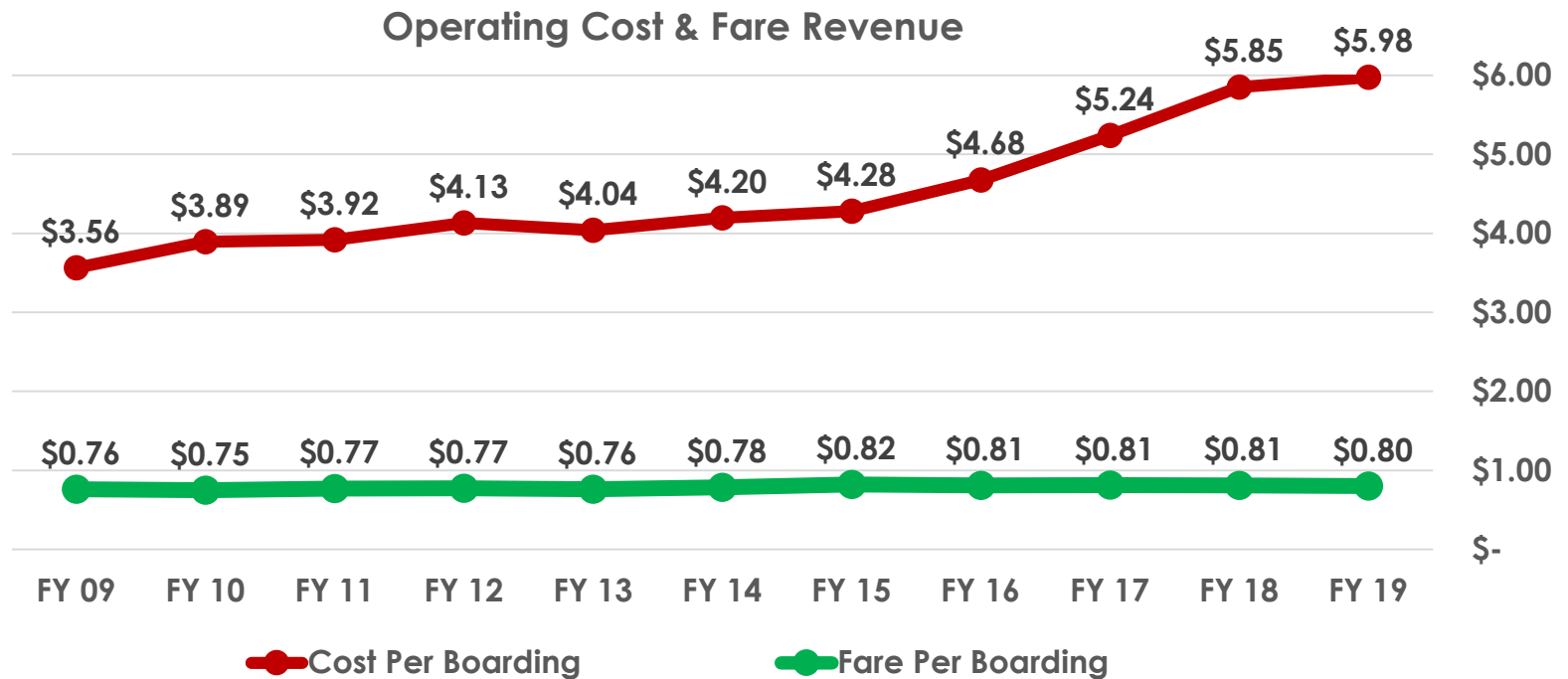
ESTIMATED FISCAL IMPACT OF FREE FARES



FAREBOX RECOVERY

In June, the Budget projected that GCTD would not make its required 20% min farebox recovery ratio in FY 19/20.

These bills would allow each “free fare” to count as a “full fare” when calculating Farebox Ratio. This means that while revenue would be less, our farebox ratio could improve “on paper”.



OPTIONS

Absent any long-term source of revenue generated locally, GCTD is limited to short-term options to close the gap.

- ***Reduce Expenses***
 - ***Service reduction / reduction in workforce***
 - ***Salary / Hiring freezes***
 - ***Reduce services that go beyond ADA mandate***
- ***Increase Fares***
 - ***Last fare increase in 2011 / low compared to peers***
 - ***Impact dependent on outcome of bills***

SCENARIOS

#	Scenario	Base Fare	ADA Paratransit Fare	Transfers	Free Youth AB 1350	Free Seniors AB 2012	 Ridership*	% +/- from current	 Revenue	% +/- from current	Estimated FBRR**
A	Existing Condition	\$ 1.50	\$ 3.00	FREE	No	No	3,605,000	n/a	\$ 3,116,750	n/a	17.8%
B	^ with AB 1350	\$ 1.50	\$ 3.00	FREE	Yes	No	3,694,250	2.5%	\$ 2,878,750	-7.6%	20.5%
C	^ with AB 1350 & AB2012	\$ 1.50	\$ 3.00	FREE	Yes	Yes	3,872,750	7.4%	\$ 2,432,500	-22.0%	25.5%

AB 1350 & AB 2012 and Fare Increase w/ Free Transfers

1	Fare Increase to \$2.00	\$ 2.00	\$ 4.00	FREE	No	No	3,365,600	-6.6%	\$ 3,886,050	24.7%	22.2%
2	^ with AB 1350	\$ 2.00	\$ 4.00	FREE	Yes	No	3,454,850	-4.2%	\$ 3,588,550	15.1%	25.9%
3	^ with AB 1350 & AB2012	\$ 2.00	\$ 4.00	FREE	Yes	Yes	3,686,900	2.3%	\$ 3,047,100	-2.2%	32.9%

AB 1350 & AB 2012 and Eliminate Free Transfers

4	Fare - No Change	\$ 1.50	\$ 3.00	\$ 1.50	Yes	Yes	3,550,400	-1.5%	\$ 2,829,855	-9.2%	27.8%
5	Fare Increase to \$2.00	\$ 2.00	\$ 4.00	\$ 2.00	Yes	Yes	3,248,326	-9.9%	\$ 3,342,031	7.2%	34.6%
6	Fare Decrease to \$1.00	\$ 1.00	\$ 2.00	\$ 1.00	Yes	Yes	3,909,500	8.4%	\$ 2,275,000	-27.0%	20.7%
7	Fare Increase to \$1.75	\$ 1.75	\$ 3.50	\$ 1.75	Yes	Yes	3,430,700	-4.8%	\$ 3,168,008	1.6%	31.6%

* Fixed Route ridership estimated to increase/decrease at a rate of 3% for every 10% increase or decrease in fares.

**Farebox Recovery Ratio calculation impact from AB 1350 & AB 2012 .i.e. counts free rides as a “full fare”.

AB 2176 – Impact of Free College Rides not shown above.

RECOMMENDATION

- **Receive report and discuss options**
- **Staff will take feedback and incorporate into public outreach plans**
- **Use feedback to help us prepare for the upcoming budget planning cycle**