

INTER OFFICE MEMO

TO: Marketing, Planning & Legislative Committee

DATE: February 27, 2020

FROM: Rick Ramacier
General Manager



SUBJECT: Proposed State Legislation
Requiring Free Public Transit Fares
for Select Individuals

Background

The 2019-20 state legislative session has seen the emergence of free transit fares for select individuals as a priority. At this time, there are three known bills that would mandate free fares for select individuals. All three bills would require that each public transit operator in California offer such free fares in order to remain eligible to claim and receive Transportation Development Act (TDA) funds and State Transit Assistance (STA) funds.

AB1350 – Gonzalez

This bill would mandate that anyone age 18 and under be allowed to ride any public transit service in California for free.

AB2012 – Chu

This bill would mandate that anyone age 65 and over be allowed to ride any public transit service in California for free.

AB2176 – Holden

This bill would mandate that anyone attending a University of California school, a California State University/College, or California Community College be allowed to ride any public transit service in California for free. Furthermore, AB2176 would bar any of the schools included in the legislation from charging their students any fee(s) to provide fare reimbursement to any transit operators that serve a particular school(s).

Staff Analysis

All three bills would cost County Connection and transit state-wide, a significant amount of money. For County Connection, a rough estimate suggests we would lose up to \$2 million a year in fixed route fare revenue. This amount is large enough such that future service reductions would likely result. For the state as whole, California Transit Association (CTA) estimates the statewide fare revenue loss for just the youth and the seniors would around \$200 million. They have not yet worked up a number for university/college attendees.

There other potential concerns. One is the potential impact to Americans With Disabilities Act (ADA) paratransit service. Under the Federal Transit Administration (FTA) ADA rules, a transit operator can charge double its fixed route one-way base cash fare for a one-way ADA paratransit trip. For example, at County Connection, because our fixed route one-way fare is \$2.50 we charge \$5.00 for a comparable one-way ADA paratransit trip. Most California transit operators are doing the same thing.

Up until now, when we have run a small project where someone else is covering the fixed route fare (like a business park or a city, etc.) the FTA has allowed us to still charge our ADA paratransit fare as scheduled as we are still collecting a fare for the fixed route service albeit free to the rider. However, in the case of these three bills, it is very unclear if the FTA will make the same interpretation. This means if all three bills are enacted, we may have to make our ADA paratransit free to the population groups covered by these bills.

We have not yet run an analysis of the potential lost fare revenue for that. However, the more significant ADA paratransit financial hit would likely be from a spike in demand for service. This is because at \$5.00 per one-way trip some ADA eligible choose not to take some trips. If this same service were free, that demand break would fail and demand would certainly go up, possibly substantially at an average trip cost of up to \$52.00 per trip at current productivity rates.

Another concern relates to federal Title VI rules. It is unknown at this time if FTA would find any Title VI problems with a transit operator offering free fares to significant chunk of its ridership while still charging fares to others. This could be especially challenging should the folks receiving the free fares not be the same folks that Title VI rules often apply to.

The other concerns raised by various transit operators include dealing with fraud, and the cost of administering targeted free fare programs.

Political Landscape

Proposals for various free transit fares have taken off substantially over the past two years. Kansas City, Missouri is the largest known area to announce their intention to pilot free fares for all on their entire fixed route system. Similar discussions are underway in Boston and Portland, Oregon. San Diego is likely going to pursue some sort of free fares for some select individuals should their local transportation tax measure pass in November.

In California, the idea of a targeted free transit fares is steadily gaining political support. We may even see additional bills introduced by the legislature this year.

So, it would seem the question might be one of when - not if - as to the legislature passing a free transit fare bill. If that is the case, does the transit industry want to try to steer these bills into a better place thereby setting a precedence for how these bills are crafted? Or, do we want to oppose something that could be very problematic for us?

Regarding AB1350, assembly member Gonzalez has had discussions with the California Transit Association (CTA) on how she might amend her bill to make it more palatable to the public transit operators. Her bill is a two-year bill having been introduced last year. It passed out of the Assembly on January 27, 2020 by a vote of 75-0. It is now over in the Senate Rules Committee waiting assignment. CTA staff believe there will be an opportunity to amend AB1350 when it is heard in the Senate Transportation Committee. Committee staff have communicated they are empathetic to our concerns with the bill.

Staff Recommendation

Staff recommends that we work with Assembly Member Gonzalez and our delegation on the possibility of amendments to improve the bill significantly. In this scenario, we would take a watch position and express our concerns as well as our suggestions. Should those fail, we will have time to oppose the bill when it is scheduled for hearing in the Senate Transportation Committee.

Both AB2012 and AB2176 are new bills and have yet to be heard in any committee. At this time, I recommend that we take an oppose unless amended position on both bills as the bargaining process has not begun.

Action Requested

Staff requests that this be forwarded to the Board for their consideration of the staff recommendations.