

To: Administration & Finance Committee

Date: 06/22/2023

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *Ref*

SUBJECT: Bishop Ranch Agreement

Background:

County Connection has had a partnership with Sunset Development (Sunset), the owners of Bishop Ranch, since 1994. Under this partnership, Sunset has subsidized service on Route 96X from Walnut Creek BART and Route 97X from Dublin/Pleasanton BART as well as fare passes for Bishop Ranch employees that provide free rides on all County Connection routes. The last agreement, executed in 2009 expired in 2019 but was extended to allow time for staff to work on a service restructure with Sunset and the City of San Ramon. Service changes were implemented in November 2019, but a new agreement was still being developed.

Adjustments during the COVID-19 Pandemic

When COVID-19 began in March 2020, fare collection was temporarily suspended, and significant service cuts were being made in response to operator shortages. The majority of those cuts were on Express routes, including those to Bishop Ranch, as ridership demand was very low, and most commuters were working from home. As a result, staff paused all billing related to service and fare reimbursement agreements. Since then, as emergency orders have been lifted and ridership has slowly recovered, staff has been reviewing the agreements with its various partners to determine whether changes are warranted given post-pandemic conditions.

New Agreement:

The service reductions that were adopted by the Board in March 2021 included about a 30% reduction in service on the Express routes serving Bishop Ranch due to low ridership and many employees working from home. Although overall systemwide ridership is now about 65% recovered, Express route ridership continues to lag significantly, especially on the routes serving Bishop Ranch, which are still only about 25% of pre-pandemic levels. Usage of the Bishop Ranch employee pass is even lower at 10% of pre-pandemic levels, and only about half of the current riders on Routes 96X and 97X use an employee pass, which suggests that those routes are being utilized to a large degree by others who may be going to service or retail jobs in the surrounding area.

Under the 2009 agreement, Sunset Development paid 25% of the marginal cost of operating Routes 96X and 97X, as well as a flat fee for the employee passes. Given the significant changes in ridership and service levels as a result of the pandemic, County Connection and Sunset staff have reached consensus on a new agreement to reimburse fare revenue based on actual employee pass usage and remove the operating subsidy for Routes 96X and 97X. The fare reimbursement will be based on a rate of \$1.60 per trip, which is the average Clipper fare and consistent with other agreements. Although the removal of

the operating subsidy will be a substantial revenue loss, it will provide County Connection with more flexibility to modify service and/or reallocate resources in response to changing travel patterns.

Financial Implications:

Under the terms of the 2009 agreement, Sunset was paying about \$450,000 in operating subsidies and \$100,000 for pass reimbursement. Under the new agreement, staff estimates receiving an annual fare reimbursement amount of about \$25,000 based on current pass usage. The recently adopted FY 2024 budget did not include any revenue from Sunset, since the new agreement was still under development at the time.

Recommendation:

Staff recommends that County Connection enter into a new agreement with Sunset to provide fare reimbursement for Bishop Ranch employee pass usage.

Action Requested:

Staff requests that the A&F Committee forward the proposed new terms of the agreement to the Board for approval.

Attachments:

None