



# MEMORANDUM

**Date:** October 14, 2014  
**To:** Santa Rosa City Council Members  
**From:** *RAM* Richard A. Moshier, Director – Transportation & Public Works  
*AW* Anita Winkler, Deputy Director - Transit  
**Subject:** Free Transit Fare Concept

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The purpose of this memo is to provide some background information related to the recent Sonoma County Board of Supervisors action approving free transit fares on Sonoma County Transit for college students and veterans beginning January 1, 2015, and the public request that the City Council dedicate potential revenues from a proposed transportation sales tax for a similar subsidy of student passes on CityBus. This memo provides background information about the Board of Supervisors' action, existing Council policies for use of new operating funds for the transit system, and policy and program design considerations related to a free fare policy.

## Background

The Board of Supervisors' action at its September 30, 2014 meeting approved \$311,000 in general funds to implement a Subsidized Fare Pilot Program providing free fares for students attending any college in Sonoma County and all veterans. The general funds will be used to replace the revenues lost to Sonoma County Transit from these free rides. The Board stated its intent to substitute proceeds from the proposed transportation sales tax for general funds if the ballot measure for that tax passes.

At the October 7 City Council meeting a member of the public encouraged the Council to similarly direct funds generated by that sales tax measure for a fare subsidy for student passes on CityBus.

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The City currently provides discounted cash fares, tickets, and passes for youth under age 19, seniors 65 years or older, and qualifying people with disabilities. Seniors and people with disabilities are eligible for half fare on all fare products (a 50% discount), while youth receive a 17% discount on cash fares, and a 50% discount on monthly passes (this discount is partially funded by an Air District grant).

#### Adopted City Council Policy for Use of New Operating Revenues

In November 2012 the City Council adopted the FY 12-21 Short Range Transit Plan (SRTP) which included a reduction in CityBus service, significant changes to the CityBus transfer policy, and a fare increase with a combined impact of \$1 million dollars roughly split between the reduced expenses and increased revenues. These measures were necessary to address a significant funding shortfall resulting from decreased sales tax revenues during the recent recession.

The SRTP also includes priorities for transit system improvements to be funded either through reallocation of service hours or increased revenues. The top three unfunded service needs identified in the SRTP are restoration of 30-minute peak service on routes that were cut to 60 minute service in 2013, more frequent service on routes serving Sebastopol Road and Coddington/Mendocino Avenue, and expanded Sunday service. These priorities reflected the public input that was received during our outreach activities and comments made during the Council study session and public hearing.

#### Policy considerations

- 1) Lost revenues: Farebox revenue makes up approximately 20% of the operating budget for CityBus. To preserve the current level of transit service in the system, any lost fare revenue resulting from a new free fare program would need to be replaced from another source. In addition, to remain eligible for state Transportation Development Act operating funds, Santa Rosa must ensure that fares and local funding cover at least 20% of the operating cost of the CityBus system and 10% of paratransit operating costs.
- 2) Equity: Staff is concerned about the equity impacts among the different types of riders (e.g., senior citizens, disabled individuals, youth, low-income individuals) of free fares for one group and the potential diversion of transit operating funds that could be used for high-priority service improvements. It is essential that equity implications of fare reduction proposals be carefully considered.
- 3) Public process: Changes to fares are generally subject to the public participation requirements of the Transit Division's Public Participation Plan, which is consistent with

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Council Policy 000-20 on citizen participation, and has been adopted by Council as part of the Transit Division's federally-mandated Title VI (Civil Rights) Program.

Program design

A well-designed free fare program should:

- Reflect the Council's goals for the free fares;
- Comply with requirements from funding agencies;
- Reflect transit industry best practices for implementing free fare programs to ensure success in meeting the Council's goals;
- Be easy to implement and manage;
- Limit opportunities for abuse and fraud;
- Address equity concerns;
- Include a sustainable source of funds to replace revenues lost as a result of the policy to enable the City to maintain transit service levels at the pre-policy levels.