

TO: James L. App, City Manager
FROM: Jim Throop, Administrative Services Director
SUBJECT: Paso Robles Transit System
DATE: October 5, 2010

NEEDS: For the City Council to consider modifying Paso Robles Public Transit services to meet required farebox ratio.

- FACTS:**
1. The Paso Robles Transit System consists of the Paso Express fixed-route, Dial-A-Ride (DAR), Mid-day shuttle (MDS), and the North County Shuttle (NCS). The City also operates a Greyhound Bus franchise.
 2. The Transit System operates solely from farebox revenue and State/Federal Funding; no General Funds are used.
 3. The Transit System is required to collect 20% of its operating revenue from rider fares, as a pre-requisite to continued State and Federal funding.
 4. 80% of the cost per ride is funded with State and Federal subsidies (except Greyhound).
 5. The Transit System has fallen short of the 20% Farebox Recovery Ratio (FRR) for last two years. For FY2010:

<u>Service</u>	<u>Riders</u>	<u>Fare Revenue</u>	<u>Fare Box Ratio</u>
• Paso Express	132,442	\$107,570	23.80%
• D.A.R.	7,887	\$14,689	6.98%
• N.C. Shuttle	39,091	\$28,239	11.99%
• Midday Shuttle	<u>4,929</u>	<u>\$3,417</u>	<u>2.95%</u>
TOTAL	<u>184,349</u>	<u>\$153,915</u>	<u>15.25%</u>

NOTE: Greyhound operates at a \$30,000 annual loss.

6. Failing to meet the 20% FRR for a third straight year will result in a reduction in State and Federal funding. Additionally, the Transit System already experienced funding reductions of 27% (\$351,000) since FY2008 (due to State and Federal funding shortages).
7. Due to inadequate fare revenue, State & Federal funding reductions, and increasing bus maintenance costs, the Transit System overspent and was forced to use \$50,000 of its accumulated depreciation in FY2010 (accumulated depreciation totals just \$178,500).

8. The Transit fleet consists of eleven (11) buses, all aging, with an average of 140,000 miles per bus. The five highest mileage buses average over 200,000 miles.
9. The bus fleet has surpassed its useful life expectancy and is experiencing very high maintenance costs. Eventual loss of bus operation is inevitable.
10. There is no local, State or Federal funding currently available to replace buses (each bus costs approximately \$150,000).

ANALYSIS &

CONCLUSION: The City operates five transit services;

- **Paso Express** – a fixed-route system, making an hourly loop around the most populated and busiest sections of the City.
- **D.A.R.** – a demand-response service providing curb-to-curb service anywhere within City limits.
- **N.C. Shuttle** – an inter-city fixed-route system making a one-hour loop between Cuesta College and south Atascadero with no transfer needed and free for Cuesta College students.
- **Midday Shuttle** – a fixed-route service connecting most senior housing locations with shopping, medical and recreation locations throughout the City.
- **Greyhound Bus Franchise** – a nation-wide bus service with a franchise bus stop/depot at the Transit Center. The City offers ticket agent services through its current transit operator, as well as use of the transit facility.

The Transit System is required to maintain a FRR of 20%. Unfortunately, for the last two years, the aggregate FRR has been 16%. Should the Transit System fail to gain the 20% FRR in a third consecutive year, State and Federal transit funding will be reduced. The Paso Robles transit is not expected to make 20% this year, and cannot continue current services without State & Federal funding. Additionally, gross revenue is not adequate to fund bus replacement.

In order to reach the required FRR and establish sufficient income to fund bus replacement, it is recommended that:

- DAR be eliminated, saving an estimated \$75,000 in operating costs. The County's Runabout system is able to substitute service.
- North County Shuttle be split into two local systems, each responsible for their own transit system, but with a transfer point at the Target Shopping Center. Cuesta College subsidy payments to be divided based on ridership share.
- Paso Express, Mid-day and North County Shuttle fares be increased from \$1.25 to

\$1.50 (RTA fares are \$1.50). The increase would generate an additional \$21,000.

- City Greyhound franchise be terminated due to annual operating loss of approximately \$30,000.

Changes to DAR, NCS, Greyhound and a fare increase should result in a Farebox Recovery Ratio of at least 20% (thus eliminating the risk of transit funding cuts) and assist in funding one new bus every 1.5-2 years.

Policy

Reference: **Fiscal Policy** – (a) provide for the delivery of quality services and products cost effectively, (b) provide for an acceptable level of services and products as the community grows, (c) ensure that the City is living within its means, and (d) provide reserves for unbudgeted needs that might arise from time to time.

Strategic Plan – Local Focus, Livable Communities. *“Minimize the impact of cars and promote walking, bicycling and transit access to employment, education, recreation, entertainment, shopping and services”*

Fiscal

Impact: Elimination of DAR service, changes to NCS service and MOU, elimination of the Greyhound franchise, and a fare increase would improve transit’s bottoms line by approximately \$145,000 per year.

- Options:**
- a. That the Council adopt Resolution No. 10-XXX approving the elimination of DAR, the selection of Option 1 for changes to the NCS, an increase in fares to \$1.50 and the elimination of the Greyhound franchise; or
 - b. Amend, modify, or reject the above option

Attachment A: Transit System Matrix

Attachment B: Transit System Background and Analysis

Attachment C: Transit Options and Estimated Farebox Recovery Ratios

Attachment D: Options for Service Changes

Paso Robles Transit System Summary

<u>Service</u>	<u>Type of Service</u>	<u>Annual Expense</u>	<u>Cost Per Rider</u>	<u>Average Fare Collected</u>	<u>Annual Riders</u>	<u>Farebox Ratio</u>
Paso Express	A fixed-route, making an hourly loop around the most populated and busiest sections of the city	\$534,310	\$4.03	\$0.81	132,442	23.80%
North County Shuttle	An inter-city fixed-route one-hour loop service between Cuesta College and southern Atascadero	\$235,483	\$6.02	\$0.72	39,091	11.99%
Mid-Day Shuttle (a)	A new fixed-route service connecting most senior housing locations with in-town shopping, medical and recreation locations	\$116,033	\$23.54	\$0.69	4,929	2.95%
Dial-A-Ride	Curb-to-curb access (to locations too far from fixed-route service)	\$210,494	\$26.69	\$1.86	7,887	6.98%
Greyhound	City franchise with national bus line.	\$40,000	N/A	N/A	N/A	N/A

(a) Mid-day Shuttle may be removed from the calculations for overall FRR because it is new service and the results are only for the first seven months of operation.

Transit System Background and Analysis

Paso Express System Overview

- The Paso Express has consistently met the required 20% FRR.
- The monthly average ridership has increased 162% since FY2000.
- Fares were increased raised from \$1.00 to \$1.25 in September 2009.
- The fare increase resulted in approximately \$4,500 in new revenue.
- The Paso Express is used most heavily between 7:00 am and 8:00 am and 2:30 pm and 4:00 pm. A large majority of these riders are school children.
- Average mileage for each bus is approximately 140,000 miles, with five of the buses averaging 200,000 miles.
- Due to the age/mileage of the fleet, the cost of maintenance has grown from \$81,000 in 2000 to \$306,000 in 2010 (an increase of 277%).

Dial-A-Ride Overview

- Dial-A-Ride has consistently failed to meet the required 20% FRR every year.
- The monthly average DAR ridership has decreased 10% each year since 2008.
- Fares for the DAR were raised from \$2.00 to \$3.00 in September 2009
- The fare increase resulted in an increase in revenue of \$2,300, but ridership declined by 1,300 riders.
- The DAR is an on-demand service; the highest demand occurs between 7:30am to 9:00am, 12:00pm to 1:00pm and 3:00pm to 4:00pm.
- The current DAR buses have over 200,000 miles of service.
- Because of the large service area, door-to-door service, and relatively few riders, Dial-A-Ride service has a much higher cost per rider than the Fixed-Route.
- The recent TDA triennial audit states that changes must be made to the Paso Transit System DAR program. Elimination was one suggestion.

North County Shuttle Overview

- The North County Shuttle has consistently missed the required 20% FRR each year since its inception.
- The monthly average ridership has increased 107% since 2005.
- Fares for the NCS Express were raised from \$1.00 to \$1.25 in September 2009.
- The fare increase resulted in approximately \$5,000 in new revenue.
- The NCS service is used most heavily between the hours of 7:00am to 11:00am, but has consistent usage throughout most of the day.
- The NCS buses have an average of 110,000 miles.
- The current North County Shuttle MOU with Atascadero is written such that the Paso Robles portion of the service will never meet the FRR of 20%.
- The recent TDA triennial audit states that changes must be made to the NCS System.

Mid-Day Shuttle

- The Mid-Day Shuttle (MDS) has been in existence less than one year and has a FRR of 2.95%.
- The MDS is a new transit service and thus is not included in FRR calculations.
- The MDS ridership has grown 63% since its inception.
- Fares for the Mid-Day shuttle increased from \$1.25 to \$1.50 in September 2009.
- MDS use is heaviest between the hours of 10:00am and 3:00pm.
- The MDS buses have an average 175,000 miles.

Greyhound Bus Franchise

- The City of Paso Robles became a Greyhound Bus Line Franchisee in August 1993
- The Greyhound bus line is not calculated into the State/Federal required 20% FFR.

- Greyhound bus ridership averages approximately 1,900 riders per year, with an average ticket price of approximately \$60.00
- The Greyhound franchise commission rate has dropped from 15% of charges collected in 1993 to 8% in 2008.
- Franchise revenue (commissions) does not cover the cost to operate the franchise. Annual loss is approximately \$30,000. Even at the original 15% commission rate, the franchise would still operate at a loss of approximately \$23,000 per year.
- The Paso Transit system budget carries the cost and operating loss of the franchise.

Farebox Recovery Ratio for Paso Robles Transit System

NCS Restructure Options

<u>Transit Service</u>	<u>Current Farebox Ratio</u>	<u>Eliminate Only DAR</u>	<u>Option 1 Split NCS System</u>	<u>Option 2 Atascadero Operates NCS</u>	<u>Option 3 No Reconciliation For NCS</u>
	<u>FRR Estimate</u>	<u>FRR Estimate</u>	<u>FRR Estimate</u>	<u>FRR Estimate</u>	<u>FRR Estimate</u>
Paso Express Fixed-Route	22.7%	23.1%	24.2%	23.8%	22.4%
Dial-A-Ride Service	7.0%	N/A	N/A	N/A	N/A
North County Shuttle Service	11.3%	11.7%	17.0%	16.3%	N/A
Overall Farebox Recovery Ratio	<u>16.1%</u>	<u>19.2%</u>	<u>21.8%</u>	<u>21.3%</u>	<u>22.4%</u>
Mid-Day Shuttle Service (a)	3.0%	N/A	N/A	N/A	N/A

(a) Mid-Day Shuttle is not included in the overall FRR as it is a new service

Option 1 - Split NCS System. Each city would operate its own portion of the system within its limits and the Cuesta subsidy is split by percentage of riders

Option 2 - Atascadero Operates NCS. Atascadero operates the complete NCS and Paso Transit operates a separate third fixed-route and the Cuesta Subsidy is split by percentage of riders

Option 3 - No Reconciliation for NCS. The NCS continues the large loop route, but no monthly reconciliation of fares/riders and the Cuesta subsidy is split by percentage of riders

Options to Improve Farebox Recovery Ratio

Dial-A-Ride

Eliminate DAR

- **Pros** – Projected savings = \$75,000. The County’s Runabout service could be utilized by many of the current DAR riders for approximately the same service and cost. P.R. Transit System is already supporting the Runabout system with an annual contribution of approximately \$52,000.
- **Cons** – Riders more than $\frac{3}{4}$ mile from the fixed-route would not be eligible for Runabout service. This affects primarily the area near the airport.

Reduce DAR Service Hours

- **Pros** - Decrease in operating and maintenance costs (e.g. driver expense, fuel and maintenance).
- **Cons** – Fare revenue would be reduced and the FRR would still be below 20%.

Create a Subsidized Taxi Service

- **Pros** – Allows for the elimination of DAR.
- **Cons** – Cost is approximately \$100,000 per year, exceeding the savings of eliminating DAR. Taxis will not meet all of the ADA requirements.

Reorganize DAR

- **Pros** – Serve only special needs riders, which allows for DAR to be removed from the overall FRR calculations, but still provide service to the full city with no restrictions on distance from fixed-route, such as with Runabout.
- **Cons** – Special needs riders pay less than full fare so the system would suffer even greater revenue shortfalls.

North County Shuttle

Option 1 - Develop a new transit route for Paso Robles that optimizes the number of shuttle stops within the City, while still serving Cuesta College students. Divides the Cuesta College subsidy by percentage of free riders.

- **Pros** – Allows for more Paso Robles riders to use the transit system, while still maintaining a route to Cuesta College. Also allows for continued Cuesta College subsidy.

- **Cons** – A transfer must be made from the Atascadero to a Paso bus to continue to Cuesta College.

Option 2 - The City of Atascadero takes over sole operation of the NCS, but the Cuesta College subsidy would be split by percentage of free riders on the Paso Express and the NCS.

- **Pros** – Allows Paso Transit to focus on a new route within the City, while still receiving a subsidy from Cuesta College.
- **Cons** – Possible competition between the Paso Express and NCS if both include service to the Cuesta.

Option 3 - The NCS would continue with its current schedule and route, but there would no longer be a monthly reconciliation of fares and passenger counts and the Cuesta College subsidy would be split by percentage of free riders.

- **Pros** – Allows for continued inter-city loop and allows for a larger portion of the subsidy.
- **Cons** – Does not increase the number of bus stops within in Paso Robles. State/Federal reconciliation reporting would still be required and Paso Transit would still carry a burden of assisting the Atascadero transit system with electronic fare boxes and other items.

RESOLUTION NO. 10-xxx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING CHANGES TO PASO ROBLES TRANSIT OPERATIONS**

WHEREAS, the Paso Robles Transit system consists of the Paso Express fixed-route, Dial-A-Ride (DAR), Mid-day shuttle (MDS), and the North County Shuttle (NCS). The City also operates a Greyhound Bus franchise; and

WHEREAS, the Transit System operates solely from farebox revenue and State/Federal Funding; no General Funds are used; and

WHEREAS, the Transit System is required to collect 20% of its operating revenue from rider fares, as a pre-requisite to continued State and Federal funding; and

WHEREAS, 80% of the cost per ride is funded with State and Federal subsidies (except Greyhound); and

WHEREAS, the Transit System has fallen short of the 20% Farebox Recovery Ratio (FRR) for last two years, failing to meet the 20% FRR for a third straight year will result in a reduction in State and Federal funding; and

WHEREAS, the bus fleet has surpassed its useful life expectancy and is experiencing very high maintenance costs. Eventual loss of bus operation is inevitable; and

WHEREAS, due to funding reductions and increasing bus maintenance costs, the Transit system is unable to purchase new buses;

THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the following changes be made to the Paso Robles Transit system (1) elimination of Dial-A-Ride service, (2) selection of Option 1 (see attachment) for changes to the North County Shuttle operations, (3) a fare increase to \$1.50 and (4) the cancellation of the Greyhound Bus Line franchise.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 5th day of October 2010 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk