

STAFF REPORT

DATE: October 14, 2024
TO: Sacramento Regional Transit Board of Directors
FROM: Laura Ham, VP, Planning, Grants and Procurement
SUBJ: UPDATE REGARDING TRANSITIONING SMART RIDE SERVICE
TO A PROPOSED EQUITABLE AND TRANSPORTATION
DISADVANTAGED ELIGIBILITY BASED MICROTRANSIT
SERVICE

RECOMMENDATION

No Recommendation - For Information Only.

RESULT OF RECOMMENDED ACTION

N/A

FISCAL IMPACT

As further detailed below, Staff will request that STA and Board authorize spending up to \$1,200,000 of STA grant funds, an estimated \$370,000 of fare revenue, and an estimated \$1,020,870 of other state and local funds for a contract with Nomad Transit, LLC, which operates under the “Via” brand in California (“Via”) totaling \$2,591,370, to fund a shared-use mobility program over an 18-month period beginning January 1, 2025. This transition will yield an estimated net savings of \$7.0 million per year, compared to continuing SmaRT Ride service under current conditions.

DISCUSSION

On September 23, 2024, Staff presented a report on the planned discontinuation of SmaRT Ride service and replacement with a rideshare voucher program, effective January 1, 2025. Based on comments from the public and Board feedback, Staff has developed an alternative approach to provide an accessible mobility solution at a significantly lower cost than SmaRT Ride. As explained in more detail in this report, the proposed program is a shared-use mobility service, also known as microtransit, with rides scheduled through an app or by telephone. To contain costs, the service is proposed to be limited to a defined group of eligible riders, prioritizing passengers that are transportation disadvantaged, such as persons with disabilities, persons that are low income, seniors and possibly students. The service would be available in the current nine SmaRT Ride zones, with the same hours of service per day, provided in fully wheelchair accessible vehicles. The service would be offered at a fixed fare of \$2.50 per trip for all eligible riders. Staff is currently negotiating with Via to provide the modified service.

Background

SmaRT Ride

As discussed in the September 23, 2024 Staff Report regarding the discontinuation and replacement of SmaRT Ride service with a modified program, the decision to transition the service followed a comprehensive assessment of SmaRT Ride's service performance and financial impact. That report explained that SmaRT Ride was implemented as a pilot program in 2018, with a one-time lump sum of \$14 million from Measure A's Neighborhood Shuttle Program. Unfortunately, annual allocations from the Neighborhood Shuttle program today are only \$800,000, compared to annual operating costs of \$8.5 million (plus \$1.8 million of amortized capital costs), which is only secured through June 2026. SmaRT Ride's operating cost per passenger is over \$47, almost five times more than SacRT's fixed-route bus system, while carrying less than 1 percent of overall system ridership. With very limited grant funds available today, the SmaRT Ride program has become increasingly reliant on SacRT's other state and local revenues.

Additionally, the September 23, 2024 Staff Report outlines the requirements of SB 125 and the Sacramento Area Council of Governments (SACOG), which is responsible for allocating the SB 125 funding. SacRT has developed a long-term action framework for strong fiscal sustainability, including optimizing business processes, maximizing efficiencies, reviewing less efficient ridership services, and identifying opportunities for cost savings. While SacRT has taken great pride in being a trendsetter in the transit industry over the years, implementing innovative new transit services to boost mobility in the Sacramento region, we must also be good stewards of public funds. For these reasons, and after conducting a thorough analysis, the SmaRT Ride program is proposed to be discontinued and replaced, at least in the short-term, with a modified microtransit service.

The rationale for the discontinuation of SmaRT Ride was explained in more detail in the September 23, 2024 Staff Report and Board presentation. At that meeting, a proposed rideshare voucher program was also described. Outstanding issues regarding the voucher program at the time of the presentation included the ability to provide wheelchair accessible vehicles also known as WAVs and overall accessibility to people with disabilities. Concerns were also raised regarding the affordability of the proposed program for more vulnerable riders, including persons with disabilities and low-income riders. Given that input, Staff revisited the program and has developed an alternative proposal for a shared-use mobility program operated by an outside contractor and provided in a contractor-owned fleet of fully accessible vehicles. This proposed alternative will address the fiscal sustainability concerns of the SmaRT Ride program and provide accessible and affordable high-quality service for customers with the greatest transportation needs.

Proposed Changes

Following the last day of SmaRT Ride service on Tuesday, December 31, 2024, SacRT would implement an 18-month pilot for a shared-use mobility service through a contracted provider. SacRT is currently negotiating with Via to operate the service. The new pilot program would operate in the existing nine SmaRT Ride zones and would be available

the same days and hours (Monday to Friday, excluding holidays, from 7:00 am to 7:00 pm).

Booking – Trip booking would be allowed on-demand via smartphone application or by telephone. The new program would allow advance reservations, a feature that is not currently possible on SmarT Ride, but that customers have requested.

Via also offers several innovative features that may be helpful to seniors and others who prefer not to use apps, including:

- Persons who book by phone can opt for an automated call-back to alert them as their bus approaches or, if they prefer, an SMS text message.
- Calls placed during busy times are automatically rerouted to an overflow call center, to prevent long wait times.

Fleet – The fleet would be owned and maintained by Via and would consist of nine fully accessible, gas-fueled passenger vans, each able to seat three passengers plus one wheelchair, loaded via a rear-entry ramp. Daily service would require nine vehicles. Including two spares, the fleet would total 11 vans. Each of the nine zones would have one vehicle assigned to it throughout the day; however, vehicles would be shared across zones (i.e., redeployed to areas of greater demand, if needed).

Service Levels – Since total ridership is expected to decrease by approximately 45 percent (700 to 390 per day) because the service is only open to eligible riders as described above, service levels would also be reduced by approximately 45 percent. For each of the nine zones, one vehicle would always be in service, for a 12-hour day, from 7:00 a.m. to 7:00 p.m. Most trips would be booked in advance, the day before, so zones with gaps in demand during certain times could “loan” their bus to nearby zones with greater demand.

Eligibility/Prioritization – To help ensure the availability of the service to more vulnerable transit populations, the new program would prioritize disadvantaged and higher-need groups, such as seniors, disabled, low-income, and/or possibly students. SacRT may restrict use of the service to only persons meeting these criteria. If demand is lower than available supply, persons not meeting these criteria could potentially be allowed to ride on an on-demand basis.

SacRT’s existing Department of Human Assistance (DHA) Pass, which is issued to persons on General Assistance, could be used to verify eligibility as a low-income person. SacRT is considering adding a certification process (e.g., for CalFresh or Supplemental Nutritional Assistance Program (SNAP) recipients) so additional low-income populations could also qualify. Persons already eligible for senior/disabled or paratransit services would also be eligible to use the service. SacRT will establish a process for passengers to register and confirm eligibility for the service.

Student eligibility is currently being evaluated based on potential demand for the service. Student rides may be allowed only on an on-demand basis dependent on the number of requested trips.

Performance – SmaRT Ride currently operates at or near capacity, with over a quarter of trip requests turned away. Since service levels would be reduced approximately 50 percent, SacRT expects to remain at capacity, with a comparable productivity level of 3.6 boardings per vehicle hour.

Cost per passenger, however, is expected to decrease significantly, from \$47 to \$16 per passenger, based on operating cost decreasing from \$140 to \$56 per vehicle hour. Total ridership would decrease by approximately 45 percent, the same as vehicle hours, from approximately 700 to 390 passengers per day.

Fare – Subject to change, the new service would be available only for certain rider types (e.g., seniors, disabled, low-income, and/or students). Daily, monthly, and other multi-ride passes would no longer be allowed on SmaRT Ride.

Potential New Fare Structure Subject to Change

	Existing	Proposed
Senior/Disabled with valid SacRT photo ID	\$1.25 per person	\$2.50 per trip subject to change
Student Fare Ryde Free RT	Free Unlimited free rides	
DHA Pass Dept. of Human Assistance general assistance recipients	Free Unlimited free rides	
Low-Income Fare Ex: SNAP/CalFresh recipients (details TBD)	n/a Does not currently exist	
Group Rate	Free Groups of 5 or more persons riding together pay no fare	Free Companions All fares are per trip, not per person Attendants and companions ride for free ¹

Although the existing Basic single ride fare for SmaRT Ride is nominally \$2.50, seniors and persons with disabilities, pay only the \$1.25 Discount single ride fare. Under the potential new fare structure, a uniform single ride fare of \$2.50 would be in force. ²

¹ Free companions are subject to vehicle capacity (i.e., 3 seats and 1 wheelchair space).

² SacRT Go paratransit costs \$5.00 per trip. Fixed-route transit costs \$2.50 for adults, \$1.25 for senior/disabled, and is free for students. At \$2.50, the new service would be priced between fixed-route and paratransit for most users.

Because the new service would have half as many vehicle hours per day, SacRT would likely limit use to persons meeting one of the criteria above, to help assure that vulnerable populations are prioritized. However, if capacity permits, SacRT could potentially broaden eligibility to allow the general public to use the new service, subject to additional constraints, potentially including:

- A premium fare (e.g., \$5.00 to \$10.00)
- Same-day, on-demand booking only (i.e., only if capacity permits)
- Possession of a SacRT fixed-route transit pass

For example, if a member of the general public wanted to ride the new service, it could be available, but only if they already possess a \$100 monthly pass for SacRT fixed-route service (i.e., the pass would not cover their use of the new service, it would merely make them eligible to ride at the per-ride price, which might also potentially be a premium fare).

Fiscal Impact

Compared to existing SmaRT Ride service, the proposed new program would reduce service levels by approximately 45 percent, from 196 to 108 revenue hours per day. Productivity is expected to remain the same, at 3.6 boardings per revenue hour (essentially at capacity). Ridership would decrease proportionately, from 707 to 389 boardings per day.

Operating cost per hour would decrease almost 70 percent, from \$170 to \$57. This would improve cost per passenger from \$47 to \$16.

The average fare per passenger would increase from \$1.05 to \$2.50, by eliminating passes and increasing the single fare. This would improve farebox recovery ratio from 2 percent to 16 percent.

Gross annual operating cost would decrease more than 80 percent, from \$8.5 million to approximately \$1.6 million, because of the reduction in hours and cost per hour. Assuming approximately \$0.25 million in fare revenue, local share from other SacRT funds would decrease from \$7.5 million (88 percent) to a more sustainable \$0.56 million per year. Staff will be pursuing other state and local grants to fund the full cost of the program.

Estimated Fiscal Impact

*Subject to Change
All figures are annual*

	Existing	Proposed
Revenue hours per day	196	108
Revenue hours per year	49,860	27,432
Hourly rate	\$170	\$57
Cost per year	\$8,465,763	\$1,557,040
Additional fees	\$0	\$56,120
Annual cost	\$8,465,763	\$1,613,160
Boardings per revenue hour	3.6	3.6
Boardings per day	707	389
Boardings per year	179,578	98,800
Cost per passenger	\$47	\$16
Average fare per boarding	\$1.05	\$2.50
Fare revenue	\$188,557	\$247,000
STA Neighborhood Shuttle	\$800,000	\$800,000
Other SacRT funds	\$7,477,206	\$566,160
Total revenues	\$8,465,763	\$1,613,160
Farebox recovery	2%	16%

For the 18-month contract with Via, including \$171,630 in one-time startup costs, Staff expects a Not-to-Exceed amount of \$2,591,370. This would be paid by \$1,200,000 of STA Neighborhood Shuttle funds, an estimated \$370,500 in fare revenue, and \$1,020,870 in other state and local funds.

Via Contract Amounts

Estimates subject to change

Cost per year	\$1,613,160
Cost over 18 months	\$2,419,740
One-time costs	<u>\$171,630</u>
Contract NTE	\$2,591,370
Revenues (18 months)	
STA Neighborhood Shuttle	\$1,200,000
Fare revenue	\$370,500
Other SacRT Funds	<u>\$1,020,870</u>
Total revenues	\$2,591,370

Equity

In evaluating the transition of the SmaRT Ride program, Staff evaluated equity components of existing SmaRT Ride service. Approximately 26 percent of existing SmaRT Ride customers are low-income,³ compared to just 20 percent for the general population.⁴ Expenditure of Neighborhood Shuttle funds on SmaRT Ride is therefore beneficial to disadvantaged communities, compared to many or most other potential Neighborhood Shuttle projects.

SmaRT Ride users are, however, less likely to be low-income than fixed-route transit customers. Given SacRT's deficit reduction needs, reductions to SmaRT Ride are therefore less harmful to disadvantaged communities than reductions to fixed-route service.

SacRT is also proposing a transition to new eligibility criteria for the program that would increase its share of disadvantaged riders. As discussed in the service plan, SacRT will be prioritizing disadvantaged groups for the new service--for example students, seniors, disabled, and low-income persons. Eligibility to ride may be restricted to just these populations or all others may be required to pay a much higher premium fare (and not be allowed to book in advance).

³ Source: Survey data collected for *A Glimpse of Microtransit at an Early Stage: The SmaRT Ride Consumer Market in the Sacramento Area*. Xing, Yan. University of California, Davis (2022). Additional analysis by SacRT (unpublished). Low-income was considered household income under \$25,000 for the purposes of this survey.

⁴ Source: SacRT's Draft Title VI Program Update (2023), Appendix G, Page 86. Available online at: https://www.sacrt.com/apps/wp-content/uploads/Title-VI-Draft-Document_for-Web.pdf

SacRT is proposing to increase the fare and eliminate the use of unlimited ride passes. Although fare increases are impactful to customers, in particular low-income populations, SacRT believes this is necessary. Unlimited ride passes are generally not a best practice for demand-response services such as microtransit, because operating cost scales with ridership. Because the current nominal price of \$2.50 (\$1.25 for senior/disabled) is the same as fixed-route transit, many customers opt to take SmaRT Ride in lieu of a viable fixed-route option. Since the current SmaRT Ride service is already running at capacity, and service levels will be reduced approximately 45 percent with the new service, it is necessary to raise the fare in general, but allow exceptions to vulnerable groups, as discussed above.

Term

The program will be an 18-month pilot beginning January 1, 2025 and ending June 30, 2026 to coincide with the availability of Sacramento Transportation Authority (STA) Measure A Neighborhood Shuttle Funding.

Next Steps

Staff is currently seeking to amend the scope to SacRT's grant agreement with STA for Neighborhood Shuttle funds, to reflect the proposed changes to SacRT's microtransit service, and expects to seek approval from the STA Board on Thursday, November 14, 2024. A contract with Via is also being negotiated, and Staff expects to seek approval of the contract from the SacRT Board on Monday, November 18, 2024. Official Notice to Proceed would be issued in early December. Implementation preparations also include:

- Preparing and distributing more detailed public information, including informational web page, FAQ, etc.
- Helping Via identify a suitable location for vehicle parking and dispatching
- Retrofitting fare collection equipment on Via's fleet
- Finalizing eligibility criteria and fare structure and establishing an eligibility determination process and an online registration process
- Establishing oversight personnel and procedures, including complaints, safety, invoice payment, and ridership reporting

Public Input

Staff has scheduled in-person meetings to present updates and take questions from the public:

Virtual Open House

Thursday, October 10, 2024, 3:30 p.m.

Zoom Webinar: <https://us02web.zoom.us/j/82283568332>

(60 to 90 minutes for presentation and Q&A)

SacRT Mobility Advisory Council

Thursday, October 17, 2024, 2:30 p.m.

SacRT Auditorium, 1102 Q Street, Fourth Floor

(15-minute presentation and Q&A)

In-Person Open House

Tuesday, October 22, 2024, 3:00 p.m. to 4:30 p.m.

SacRT Auditorium, 1102 Q Street, Fourth Floor

(60 to 90 minutes for presentation and Q&A)

In-Person Open House

Wednesday, November 6, 2024, 5:30 p.m. to 6:30 p.m.

SacRT Auditorium, 1102 Q Street, Fourth Floor

(60 to 90 minutes for presentation and Q&A)

At least one additional virtual webinar is planned. Dates and times are subject to change and will be confirmed on sacrt.com.