

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	06/22/09	Open	Action	06/15/09

Subject: Accepting Public Comment on Proposed Fiscal Year 2010 Operating and Capital Budgets Continued from May 11, 2009; Accepting Public Comment on Proposed Fare Increases

## ISSUE

Accepting public comment on Proposed Fiscal Year 2010 Operating and Capital Budgets and Proposed Fare Increases.

## RECOMMENDED ACTION

Accept public comment on the Proposed Fiscal Year 2010 Operating and Capital Budgets and Proposed Fare Increases.

## FISCAL IMPACT

None as a result of this action.

## DISCUSSION

### *FY 2010 Operating and Capital Budgets*

The Proposed Fiscal Year 2010 Operating and Capital Budgets were released for public review on April 13, 2009. The public is offered an opportunity to express opinions regarding the proposed Fiscal Year 2010 Budgets. As of this date, one phone call related to the budget has been received in addition to the several public comments received during the June 8, 2009 public hearing on service reductions.

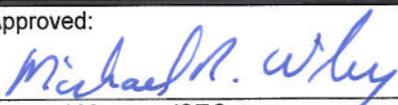
Since the first public hearing was held on the FY 2010 Operating and Capital Budgets, staff has worked diligently to reduce expenditures and develop strategies to improve revenues in light of the \$9 million budget gap reported on June 8, 2009 when staff brought a request for a public hearing on fare structure changes to the Board. The FY 2010 Operating and Capital Budgets are carefully balanced based on a combination of cost reductions throughout the district, additional fare revenue resulting from changes in RT's fare structure and some level of service reductions.

### *Fare Increases*

Following the June 8, 2009 Board meeting, staff noticed a public hearing on fare increases. The notice stated that all RT fares were under consideration. Since the notice was released, staff has developed a recommendation for fare structure modifications and increases that are consistent with the re-balancing strategy direction received to further refine the fare structure changes to minimize service reductions.

The overall impact of changes in proposed fare structure modifications as well as service reductions on the overall re-balancing strategy is illustrated in Table-1.

Approved:

  
General Manager/CEO

Presented:

  
Chief Financial Officer

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	06/22/09	Open	Action	06/15/09

Subject: Accepting Public Comment on Proposed Fiscal Year 2010 Operating and Capital Budgets Continued from May 11, 2009; Accepting Public Comment on Proposed Fare Increases

Table-1  
( in millions)  
Proposed Re-Balancing Strategies for the FY 2010 Operating Budget

Board Meeting Dates	6/8/2009	6/22/2009
Estimated FY 2010 Shortfall	\$9	\$9
Non-Labor Cost Reductions*	-2	-2
Labor Savings**	-2	-2
<i>Fare Structure Change/Increases (Effective 9-1-09)</i>	-1.8	-3.3
<i>Phase 1 Service Reduction (Effective 9-1-09)</i>	-2.2	-0.7
<i>Phase 2 Service Reduction (Effective 1-1-10)***</i>	-1	-1
Remaining Shortfall	\$0	\$0

- \* Additional non-labor cost reductions include further reductions in professional services contracts.
- \*\* Additional labor savings can be achieved through future attrition and a commitment to not fill vacancies that arise for currently budgeted and filled positions.
- \*\*\* Phase 2 Service reductions can be reduced or eliminated by the following:
  - Other cost containment efforts
  - Other revenue generated by unbudgeted sources such as charging for parking

The recommended fare structure modifications and increases are summarized below and described in detail in the FY 2010 Operating and Capital Budgets issue paper found elsewhere on this agenda. Following the summary, Table-2 provides the impact of all recommended fare structure modifications and changes.

- Increase single fare by 25¢ from \$2.25 to \$2.50
- Increase discounted fares by 15¢ from \$1.10 to \$1.25
- Eliminate the Central City Fare – single fare would replace
- Eliminate the Discount Central City Fare – single fare would replace
- Eliminate the Shuttle Service Fare – single fare would replace
- Eliminate Transfers – single fare/daily pass/monthly pass/ would replace
- Eliminate the Lifetime Pass – pass holders would be eligible for the senior/disabled discount fare
- Increase Paratransit single fare from \$4.50 to \$5.00
- Increase the Paratransit Monthly Pass to \$125 and limit the number of rides to 30

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
20	06/22/09	Open	Action	06/15/09

Subject: Accepting Public Comment on Proposed Fiscal Year 2010 Operating and Capital Budgets Continued from May 11, 2009; Accepting Public Comment on Proposed Fare Increases

Table-2  
All Fares at Recommended Fare Change Level

<b>Sacramento Regional Transit District Current and Proposed Fare Structure Effective September 1, 2009 N/C = No Change</b>				Fiscal Impact
<b><u>FARES</u></b>	<b>Current</b>	<b>Change</b>	<b>Proposed</b>	
Basic Fare	\$2.25	\$0.25	\$2.50	
Discount Fare	\$1.10	\$0.15	\$1.25	
Central City Fare	\$1.10	Eliminate		
Discount Central City Fare	\$0.55	Eliminate		
Shuttle Service Fare	\$1.10	Eliminate		
Basic Transfer Fee	\$0.50	Eliminate		
Discount Transfer Fee	\$0.25	Eliminate		
<b><u>TICKET AND PASS BOOKLETS</u></b>				
Fare Ticket Booklets				
10 Basic Fare Tickets	\$22.50	\$2.50	\$25.00	
10 Discount Fare Tickets	\$11.00	\$1.50	\$12.50	
Daily Pass Booklets				
10 Basic Daily Passes	\$60.00	N/C	\$60.00	
10 Discount Daily Passes	\$30.00	N/C	\$30.00	
<b><u>PASSES AND STICKERS</u></b>				
Basic Daily Pass	\$6.00	N/C	\$6.00	
Discount Daily Pass	\$3.00	N/C	\$3.00	
Basic Monthly Pass	\$100.00	N/C	\$100.00	
Basic Semi-Monthly Pass	\$50.00	N/C	\$50.00	
Senior Disabled Sticker	\$50.00	N/C	\$50.00	
Senior Disabled Semi-Monthly Sticker	\$25.00	N/C	\$25.00	
Student Sticker	\$50.00	N/C	\$50.00	
Student Semi-Monthly Sticker	\$25.00	N/C	\$25.00	
Lifetime Pass	\$0.00	Eliminate		
<b><u>EFFECT ON COST CONTAINMENT WITH THE FOLLOWING CHANGES</u></b>				
Paratransit Single Fare	\$4.50	\$0.50	\$5.00	
Paratransit Monthly Pass for 30 Rides	\$100.00	\$25.00	\$125.00	
<b><u>\$3,300,000</u></b>				

**Public Hearing on the FY 2010  
Operating and Capital Budget  
Continued from May 11, 2009  
and  
Public Hearing on Fare Structure  
Changes and Increases**

**RT Board Meeting  
June 22, 2009**

## Presentation Format

- Report on the status of the FY 2010 Operating and Capital Budget
  - Update the Board and Public on Significant Modifications
  - Discuss the interconnectivity of the budget, recommended fare structure changes, and service reductions
- Report on recommended fare structure changes and increases
  - Describe the proposed changes and increases
    - Fares
    - Transfers
    - Lifetime pass
    - Paratransit fare and monthly pass

## Shortfall - \$9M

- Fare Revenue projections are down \$3M
  - Observed changes in buying patterns from monthly pass to other fare media
  - Purchases generally down
    - State agencies work furlough
    - Increase by \$10 in State out-of-pocket cost between monthly pass and four ticket books
    - High unemployment rate in the Sacramento Region
    - Lower gas prices
- FY 2009 factors reduced carryover \$6M

## Internal Efforts to Balance the Budget

- Hiring freezes continue
- Negotiations underway with union groups to effect a “net-zero” increase over the base FY 2009
  - Furlough days
  - Elimination of step and COLA increases
  - Suspension of sick leave and vacation sell back
  - Increase employee contribution towards medical premiums and co-pays
- FY 2010 Paratransit and Security Services Contract payments will remain the same or lower than in FY 2009
- Multiple facilities contracts will be reduced
- Developed and planned implementation of District-wide cost allocation plan for FY 2009

## FY 2010 Budget, Fare Increases and Service Reductions

- The proposed FY 2010 Operating Budget is carefully balanced
  - Internal cost cutting measures
  - Fare structure changes and increases
  - Service reductions
    - Phase 1 - \$700K
    - Phase 2 - \$1M
- Without all three RT will not have a balanced budget

## Message Received

**WORK ON FARE STRUCTURE AND  
MINIMIZE SERVICE REDUCTIONS TO  
BALANCE THE BUDGET**



# Re-Balancing Strategies

Board Meeting Dates	6/8/2009	6/22/2009
Estimated FY 2010 Shortfall	\$9	\$9
Non-Labor Cost Reductions	-2	-2
Labor Savings	-2	-2
Fare Structure Change/Increases (Effective 9-1-09)	-1.8	-3.3
Phase 1 Service Reduction (Effective 9-1-09)	-2.2	-0.7
Phase 2 Service Reduction (Effective 1-1-10)	-1	-1
Remaining Shortfall	\$0	\$0

# Proposed Fare Structure Changes

## Effective September 1, 2009

FARE TYPES	Current	Change	Proposed	Fiscal Impact
<b><u>FARES</u></b>				
Basic Fare	\$2.25	\$0.25	\$2.50	
Discount Fare	\$1.10	\$0.15	\$1.25	
Central City Fare	\$1.10	Eliminate		
Discount Central City Fare	\$0.55	Eliminate		
Shuttle Service Fare	\$1.10	Eliminate		
Basic Transfer Fee	\$0.50	Eliminate		
Discount Transfer Fee	\$0.25	Eliminate		
Lifetime Pass	\$0.00	Eliminate		
<b><u>TICKET AND PASS BOOKLETS</u></b>				
Fare Ticket Booklets				
10 Basic Fare Tickets	\$22.50	\$2.50	\$25.00	
10 Discount Fare Tickets	\$11.00	\$1.50	\$12.50	
Daily Pass Booklets				
<b><u>EFFECT ON COST CONTAINMENT WITH THE FOLLOWING CHANGES</u></b>				
Paratransit Single Fare	\$4.50	\$0.50	\$5.00	
Paratransit Monthly Pass for 30 Rides	\$100.00	\$25.00	\$125.00	
				<b><u>\$3,300,000</u></b>
				<b>8</b>

## Service Reductions

- Phase 1 service reductions reduced from \$2.2 M to \$0.7M
- Phase 2 service reduction level will be affected by the following:
  - Currently unbudgeted increases in fare revenue due to increases in ridership over 3%
  - Other cost containment opportunities
  - Other revenue generated by unbudgeted sources
- Phase 2 is currently budgeted at \$1M
  - Exact level of service reduction required for Phase 2 to be determined

## Re-Balancing Strategies

Board Meeting Dates	6/8/2009	6/22/2009
Estimated FY 2010 Shortfall	\$9	\$9
Non-Labor Cost Reductions	-2	-2
Labor Savings	-2	-2
<i>Fare Structure Change/Increases (Effective 9-1-09)</i>	-1.8	-3.3
<i>Phase 1 Service Reduction (Effective 9-1-09)</i>	-2.2	-0.7
<i>Phase 2 Service Reduction (Effective 1-1-10)</i>	-1	-1
Remaining Shortfall	\$0	\$0