



Department: Public Works
Cost Center: 5201
For Agenda of: 7/19/2022
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director
Prepared By: Austin O'Dell, Interim Transit Manager

SUBJECT: TRANSIT SERVICE AGREEMENT BETWEEN CITY AND CAL POLY

RECOMMENDATION

Authorize the City Manager to enter into a Transit Service Agreement with California State Polytechnic University to provide Transit Service for Fiscal Years 2022-23 and 2023-24.

POLICY CONTEXT

Transit services, and by extension this Transit Service Agreement (TSA) with California State Polytechnic University (Cal Poly), supports the Major City Goal of Climate Action, Open Space and Sustainable Transportation. Additionally, transit is a key modal objective in the General Plan, Active Transportation Plan, and included in Pillar four (4) Connected Community of the Climate Action Plan.

DISCUSSION

Background

Since 1985, Cal Poly and the City of San Luis Obispo have maintained a TSA to allow Cal Poly to access the City's transit services (SLO Transit). Through this Agreement, Cal Poly pays an annual service fee to the City in exchange for a zero-fare program that allow students, staff, and faculty to ride SLO Transit at no charge to the rider. A valid Cal Poly Identification Card must be presented to participate in a zero-fare ride.

The Agreement encourages students, faculty, and staff to make use of alternative transportation as a means of travel. Historically, the University has compensated the City for a portion of the costs for these trips from its Parking & Forfeitures Fund without any direct contribution from students, staff, and faculty. In addition, mitigation measures from the Cal Poly Master Plan require Cal Poly to pay a fair share towards the City's transit service.

The current TSA, first entered into in 2011, has been extended multiple times. Extensions were provided to the TSA initially because of complexities regarding costs of a new Transit Operations and Maintenance contract that was executed with Frist Transit, the City's contractor that operates SLO Transit, in 2016, and the implementation of a new Short Range Transit Plan that was developed in 2017.

Both the new Transit Operations and Maintenance contract and the implementation of the Short-Range Transit Plan impacted cost and ridership and due to these unknowns, it was better for both the City and Cal Poly to extend the existing TSA rather than develop a new long-term TSA.

In March 2020, the State of California issued a Stay-at-Home order, which heavily impacted SLO Transit ridership, reducing use by 80%. While ridership demand is increasing again, there is a national shortage of transit drivers further reducing SLO Transit's ability to provide full pre-pandemic service levels. In August 2021, SLO Transit therefore introduced a modified academic service that addresses demand to the maximum extent practical while still providing reliable transit service.

There have been numerous issues since the expiration of the original TSA with Cal Poly that have complicated development and agreement of a long-term TSA. Issues included changing contracts with service providers, changing service levels with the Short-Range Transit Plan, the COVID-19 pandemic, and driver shortages as mentioned above.

Recommended TSA

Included as Attachment A is the recommended TSA with Cal Poly that will provide for continued no fare service for students, faculty, and staff for Cal Poly. The TSA length is two years and will provide the City a fixed funding amount of \$600,000 for fiscal year 2022-23 and \$750,000 in fiscal year 2023-24. All terms and conditions of the TSA are consistent with previous TSAs with Cal Poly.

Future TSA

While the proposed TSA with Cal Poly does not achieve the City's long-term objectives of providing an equitable cost recovery for transit services provided, it is considered a "bridge agreement" until the City and Cal Poly are able to come to resolution as to how to best memorialize for the long-term transit services operational and capital costs. Additionally, this provides the City with secured funds to assist with service delivery as SLO Transit ramps up operations to provide full Academic Schedule service.

Cal Poly has assigned a new negotiations point of contact for the future agreement and staff believes this is a positive step. Staff's objectives for a future TSA include a contract term from 5 to 10 years, cost recovery per trip to match the City's general ridership rate, and an agreement that provides funding for capital improvements to the transit system.

Public Engagement

No public engagement is necessary as this is considered an administrative item.

CONCURRENCE

Cal Poly Administration has reviewed the attached contract and has executed the agreement on behalf of Cal Poly.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2022-23

Funding Identified: N/A

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Fees	-	-	-	-
Other: Transit Fund	-	-	-	-
Total	-	-	-	-

TSA Revenues to Transit Fund			
Funding Sources	Current Contribution FY 2021-22	Cal Poly Contribution FY 2022-23	Cal Poly Contribution FY 2023-24
Transit Fund	\$ 537,500	\$ 600,000	\$ 750,000

There is a positive fiscal impact by entering into a TSA with Cal Poly for Transit Services as shown in the table above. The City is mandated to maintain a 20% farebox ratio to remain eligible for state funding. Without Cal Poly's contribution, the farebox ratio would be below the mandated threshold and the City would be ineligible for state funding.

ALTERNATIVES

Deny Transit Services Agreement. City Council may choose to deny entering in the TSA. Staff does not recommend this alternative as this alternative could reduce ridership revenues. The continuation of this TSA assists the continued partnership of this mutually beneficial program.

ATTACHMENTS

A - Transit Services Agreement with Cal Poly