



Department: Public Works
Cost Center: 5201
For Agenda of: 4/16/2024
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director

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SUBJECT: APPROVE TRANSIT SERVICE AGREEMENT BETWEEN THE CITY OF SAN LUIS OBISPO 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 2024-25, 2025-26, and 2026-27.

POLICY CONTEXT

The execution of a Transit Service Agreement with California State Polytechnic University (Cal Poly) directly supports the Major City Goal of Climate Action, Open Space, and Sustainable Transportation. Increasing transit ridership also supports the City's mode split objectives of the Circulation Element of the General Plan, the Active Transportation Plan, and of the Climate Action Plan.

DISCUSSION

In 1985, the City and Cal Poly executed the first Transit Service Agreement (TSA) to allow Cal Poly students, faculty, and staff free access to SLO Transit in exchange for an annual service fee paid directly by Cal Poly. Through this agreement, students, faculty, and staff must only present a valid identification card upon boarding to ride for free. The main purpose of the agreement is to encourage students, faculty, and staff to use mass transportation to commute to and from campus.

The Environmental Impact Report (EIR) for Cal Poly's 2035 Master Plan identified potential significant transportation impacts with the plan's implementation. Specifically, Impact 3.13-2¹ states that implementation of the plan "would increase demand for transit, which may require investments in additional transit service and/or facilities to maintain the level and quality of service necessary to retain and expand ridership." Mitigation of this impact requires Cal Poly to work with SLO Transit support implementation of transit services and facilities including fair share contributions based on university-related ridership.

¹ https://afd.calpoly.edu/facilities/planning-capital-projects/ceqa/master-plan/docs/feir/2020-05-01_cp2035mp-feir_3-13.pdf

The current TSA was executed on July 20, 2022, and expires on June 30, 2024. The TSA does not provide options for term extensions, so a new agreement is necessary. City staff and Cal Poly have successfully negotiated a new agreement included with this report as Attachment A. The new agreement term commences on July 1, 2024, and ends on June 30, 2027, and provides an option to extend the term for an additional two years upon mutual approval of both parties. If approved, staff will route the TSA for signature by the City Manager and send Cal Poly a fully executed copy.

The new TSA is a three-year initial term with an option for a two-year extension if agreed upon by both parties. The agreement does allow parties to reopen the contract for renegotiation if either of the following occur: 1) Cal Poly ridership increases or decreases 10% or more in any year, or 2) City of SLO increase in fare box rate of 25% over the duration of the contract. However, this is meant to be a bridge agreement to allow SLO Transit time to fully recover from impacts of the pandemic. As a reminder, current City provided transit services is below pre-pandemic levels of service because recruiting and retaining transit workers continues to be a challenge. The 3A fixed route line that services Cal Poly is still running a limited service due to these driver shortages. Driver shortages are one of multiple variables affecting ridership. Other factors like on-time performance, cleanliness, and safety concerns that may be limiting ridership are also being addressed.

Council has authorized additional driver funding and staff is working with the City's transit operations and maintenance contractor as well as the transit worker's union to negotiate and finalize the hiring incentives terms. Once complete and staffing levels increase, full restoration of pre-pandemic transit services will be available, which is a key component to increasing ridership and a key component to obtaining a long-term agreement with Cal Poly. Service restoration is a key but not the only component necessary to increase ridership. A Short Range Transit Plan update is underway to identify, prioritize, and recommend service changes to better meet the community needs with the intent to return ridership levels to pre-pandemic normal.

Previous Council Action

On July 19, 2022, City Council authorized the City Manager to enter into a two-year Transit Service Agreement with Cal Poly which expires on June 30, 2024.

Public Engagement

Members of the Public will have an opportunity to provide public comment prior to or during the City Council meeting.

CONCURRENCE

Cal Poly's President's Office concurs with the terms of the agreement and supports continued transit service to their campus.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action because the action does not constitute a “project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

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				
Total	\$	\$	\$	\$

Transit Service Agreement Revenues to the Transit Fund				
Funding Sources	FY 2023-24 (Current Contribution)	FY 2024-25	FY 2025-26	FY 2026-27
Transit Fund	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000

The revenue from the TSA contributes toward SLO Transit's cash fares which is used to calculate its Farebox Recovery Ratio (FRR). SLO Transit's FRR for fiscal year was 23.2% which is above the 20% minimum required by the State of California to qualify for certain funding opportunities. The TSA revenue makes up about 77% of all cash fares received annually and is used to support on-going operations and maintenance of SLO Transit's fleet, bus stops, and bus facilities that is not covered by federal and state grant funds.

ALTERNATIVES

Council could decide not to approve the Transit Service Agreement with Cal Poly.

This action is not recommended by staff because Cal Poly makes up a majority of SLO Transit's ridership and helps SLO Transit to maintain a 20% minimum farebox recovery ratio. The agreement also provides a significant amount of the cash fares SLO Transit uses to cover operating costs.

ATTACHMENTS

A - Transit Service Agreement with Cal Poly