



2024 RCTA FARE INCREASE OVERVIEW

CALIFORNIA RURAL TRANSIT AGENCIES MANDATED TO RECOVER 10% OF TOTAL OPERATING COSTS FROM FARES – PER TRANSPORTATION DEVELOPMENT ACT LAW OF 1976

RCTA HAS RESTORED SERVICES TO PRE-PANDEMIC LEVELS BUT TO SURVIVE HAS ENDURED NEARLY DOUBLING OF FUEL AND LABOR COSTS SINCE ITS LAST FARE INCREASE IN 2017



TDA LAW REQUIRES 10% FAREBOX RECOVERY (TOTAL OPERATING COSTS DIVIDED BY FARES COLLECTED)

- | RCTA Key Cost Drivers | 2016 | 2024 | Difference |
|------------------------|------------------------|-------------------------|-------------------------------------|
| • Labor (starting/avg) | \$9.50/hr - \$11.00/hr | \$19.50/hr - \$21.50/hr | +105/95% |
| • Fuel (avg) | \$2.50/gal | \$5.05/gal | +105% |
| • Fares Collected | \$200,150 | \$128,901 | Annual FBR% down from 17.1% to 6.5% |
- Annual Impacts: Drivers now average \$21.50, starting pay is \$19.10/hour, current top pay rate is \$24.40/hour – at 15,000 annual hours this labor increase impact is in the \$157,500 per year
 - Fuel varied widely from average of \$2.50 in 2016 to \$5.05 in 2024, this increased fuel costs by \$53k/year
 - RCTA is still required to collect at least 10% of its operating costs from passenger fares/passes sold, so the labor and fuel increases alone require RCTA to collect \$21,000 more per year in fares in 2024.

WHAT ELSE HAS RCTA DONE TO IMPROVE RIDER EXPERIENCE?

Since the last fare increase of 2017, RCTA introduced many modern conveniences for riders:

- Interactive bus location maps on the RCTA website (showing riders bus location)
- Implemented Swiftly AVL/CAD system that tracks all fixed route bus operations and replays events
- Implemented Token Transit, a smart phone app that allows riders to buy tickets and passes
- Added free on-board wifi for passengers
- Added contactless fare collection (credit cards) on all RCTA fixed route buses
- Added Felix software to allow RCTA to accept credit cards on DAR and in the office (pass sales)

WHAT CAN RCTA DO?

- RCTA cannot realistically lower its operating costs without major service cuts, as many of RCTA hourly operations costs are not tied to service, but rather higher admin overhead (higher office wages, more tech toys, increased maintenance staffing).
- RCTA can surgically cut unproductive service hours, and has with the recent implementation of “off season” schedules that feature reduced trips on the regional routes in the fall/winter/spring seasons
- RCTA has little control over labor costs, as the agency must maintain competitive wages that are higher than most service sector jobs. Transit employees are required to adhere to lifestyle constraints that do not apply to most service sector jobs (random drug testing, DOT readiness, hours of service and safety regulations).
- RCTA needs an immediate fare increase to show a good faith effort to comply with TDA law. Then barring an intervention at the state level, a longer term fare strategy to reach 10% of ever-increasing operating budgets.

RCTA CAN TAKE THE FOLLOWING ACTIONS:

- Expand the RCTA Free Rider Program to include Seniors and the certified disabled. The Free Rider Program currently (2023) includes youth (18 and under), College Students, and Veterans. The Free Rider Program is attractive in that it allows members of these rider groups to ride “Free”, while RCTA recovers the lost fares from its annual allocation of LCTOP grant funds. “Free rides are reimbursed to the RCTA farebox at cash value at the end of the fiscal year. The LCTOP program is funded to over \$50k/year and currently the Free Rides Program draw down rate is well below that. Adding Seniors & Disabled to the eligible list should increase ridership and increase the funds transferred from LCTOP into RCTA’s farebox line each year.
- The expansion of the Free Rider Program will immunize most RCTA riders from the fare increase.
- Social Service Agency partners will bear the incremental pass pricing increases starting FY 24-25.
- Move forward with its transition from fossil fuel buses to CARB-mandated zero emission buses. While RCTA will not know how much fuel costs savings are possible until the majority of the fleet is electric, there is a chance that RCTA sees an incremental reduction in fuel costs.
- RCTA needs an immediate fare increase to show a good faith effort to comply with TDA law

STRATEGIC SUMMARY: WHAT CAN RCTA DO TO COMPLY WITH 10% FAREBOX REQUIREMENT WITHOUT HARMING RIDERS

CUT COSTS

- Very difficult, will have to cut big to save small
- Future savings on electric buses may be significant

INCREASE REVENUE

- Need to raise cash fares and pass prices
- Offset by expand Free Rides to Senior & Disabled

UP EFFICIENCY

- Lobby statewide for lower or removal of farebox recover %
- Seek partnership w/local entity to generate fare income

NEXT STEPS

- RCTA will create, post, and distribute a short survey explaining the farebox recovery situation and seeking support for the effort to reach the 10% recovery standard, as described above (March 24).
- RCTA will compile survey results and provide to RCTA Board of Directors in April to discuss how to proceed with a fare and pass price increase, and when to make it effective (June 2024?).
- RCTA will discuss the fare increase with the Board in April and bring this to the RCTA Board in May for an official public hearing to allow impacted persons and agencies to speak on the subject.
- RCTA would then implement the new pricing effective either June or July 2024 in order to improve RCTA's Fiscal Year 2024-25 farebox recovery percentages in time to avoid sanctions (\$ loss).