



February 20, 2020

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Legislative Status Report

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Overview

An update is provided on legislation being proposed to offer free transit fares for youth and seniors. Policy principles are recommended for adoption to inform staff engagement on these proposals. An overview is provided of a legislative hearing on regional transportation solutions.

Recommendation

Approve a set of principles that should be considered for any legislation which seeks to require or facilitate programs to provide free transit fares for youth or seniors.

Discussion

Free Transit Fare Legislation

Two bills have been introduced this legislative session which mandate that transit agencies provide free fares to certain groups of individuals in order to maintain eligibility for state transit funding provided through the State Transit Assistance program, Transportation Development Program (TDA), and the Low Carbon Transit Operations Program (LCTOP). The first of the bills, AB 1350 (Gonzalez, D-San Diego), requires transit agencies to offer free fares to all persons 18 and under. A copy of the bill is included as Attachment A. Currently the bill is pending in the Senate, awaiting committee assignment. The second bill, AB 2012 (Chu, D-Milpitas), requires transit agencies to offer free fares to all persons over the age of 65. A copy of the bill is included as Attachment B.

AB 2012 is currently pending in the Assembly, awaiting committee assignment. In the case of both bills, transit agencies would be authorized to count the use of a free pass for these purposes as full fare when calculating farebox recovery

pursuant to TDA requirements, helping to prevent any disruption in funding due to an inability to meet those requirements.

Over the last few years, several bills have been proposed in the Legislature seeking to incentivize or mandate the creation of lower or free fares for youth and other groups, with the goal of generating increased ridership on transit systems and helping to meet environmental goals. Most of these efforts have focused on passes specifically for low-income individuals, and similar to AB 1350 and AB 2012, did not identify a funding source. Because of the associated challenges with the lack of identified funding, insufficient funding, or duplication of existing programs, these efforts were not successful. However, AB 1350 and AB 2012 take unique approaches in making the free fare programs broader, tying the implementation to funding eligibility and removing any implications for farebox recovery requirements. When AB 1350 was heard in the Assembly Transportation Committee, the author pledged to work to find funding to help with implementation, specifically identifying cap-and-trade funds as an option.

The Orange County Transportation Authority (OCTA) has proactively sought to implement programs that reduce transit fares for both youth and seniors, as seen by the use of LCTOP funding to incentivize the development of college pass programs, and the use of voter approved Measure M2 dollars to reduce fares for seniors. Many of these efforts had the same goals as AB 1350 and AB 2012 – to encourage ridership and provide more affordable transportation options to those groups. In both situations, ridership increases have been observed. In addition, as part of OC 360° efforts, OCTA has explored the possibility of additional free or reduced fare programs and promotions. Funding and removal of certain regulatory constraints, such as farebox recovery requirements under TDA, would need to be identified to allow for such.

It is expected that additional legislation will be introduced this session seeking to implement free fare programs for similar groups already identified by AB 1350 and AB 2012, potentially in addition to others. Through its membership in the California Transit Association (CTA), OCTA staff has already engaged in conversations about how these proposals could be implemented in a manner that does not disrupt service or create issues with funding eligibility. Attachment C includes principles, which could inform these discussions going forward. These principles identify key barriers that would prevent implementation of these types of policies and recommendations for amendments to help transit agencies be supportive of these bills. While funding is the largest roadblock, with OCTA estimating it would cost about \$5 million just to offer free fares for persons 18 and under, additional issues identified by the principles include:

- Delayed implementation to allow transit agencies to have required public hearings, coordinate appropriate outreach, and develop corresponding fare media changes,
- Consideration of a phased-in approach, with associated reporting, to analyze actual ridership generated by the use of free fares to ensure the policy is achieving its intended result,
- Protections to ensure compliance with federal law, including prohibitions on offering services solely to transport students to schools, Title VI restrictions, and ridership reporting requirements to receive federal funding,
- Safety measures to allow transit agencies to remove passes from those individuals that violate the law or repeatedly disregard that transit agency's code of conduct.

Simultaneous to these efforts, CTA is also doing research on overall costs and logistical issues transit agencies would need resolved to implement these policies, which could include factors beyond those identified by OCTA. It is also expected that a conversation will continue this year about overall reforms to the TDA and farebox recovery requirements. It is currently unclear how the free transit pass discussion will interact with or change those longstanding reform proposals.

If adopted by OCTA's Board of Directors (Board), OCTA will use principles to engage with the authors of the two bills that have been introduced thus far on this subject, in coordination with CTA. As the bills are further developed, OCTA staff will again report back to the Board, with recommendations for a position on pending legislation, if needed.

State Legislative Hearing on Regional Transportation Solutions

On January 31, 2020, the Assembly Select Committee on Regional Transportation Solutions held a hearing in Ontario to discuss interregional connectivity and developing and connecting sustainable communities. As Chair of the committee, Assembly Member Holden (D-Pasadena) opened the conversation by indicating there must be bold steps taken in the transportation sector to reduce greenhouse gas (GHG) emissions, noting specifically the need to extend the Gold Line to the Ontario Airport.

Other panelists, including Alan Wapner, representing the Ontario International Airport Authority (OIAA), further detailed the importance of planning for this infrastructure today because the airport is growing significantly. The San Bernardino County Transportation Authority (SBCTA) stated they do not oppose the Gold Line extension; however, they mentioned they are soon bringing an alternative analysis to their board of directors regarding a variety of potential ways of connecting transit systems to the airport, anticipating

construction of a chosen alternative could begin in 2027. Legislators, including Assembly Members Rodriguez and Gomez-Reyes, and Senator Leyva, all emphasized that there be a collaboration between jurisdictions in the region to ensure any project providing that connectivity is timely and successful.

Prior to the hearing, Assembly Member Holden introduced AB 2011, which would establish a construction authority within San Bernardino County consisting of various cities connecting to the airport, OIAA, SBCTA, and the Los Angeles Metropolitan Transportation Authority. SBCTA's board of directors chair released a statement prior to this hearing, noting disappointment at the introduction of the bill, concerns that the establishment of construction authority would increase costs, and desire and willingness to collaborate on potential solutions. OCTA is monitoring these conversations to ensure that local transportation authority priorities and taxpayer intent in passing transportation sales tax measures are protected.

Other highlights from the committee include conversations about the nexus between housing and transportation, improvements needed in active transportation, and zero-emission passenger rail technology pioneered by SBCTA. The latter portion of the committee spoke largely to better connecting vulnerable populations to the transit systems, such as disadvantaged communities, students, and seniors, to improve ridership and reduce GHG emissions. Suggested proposals include free transit passes for ages 18 and under, students, and those over the age of 65.

Summary

An update is provided on legislation impacting transit fares, with principles recommended for adoption to engage in these discussions. An overview of a legislative hearing on regional transportation is provided.

Attachments

- A. Assembly Bill No. 1350, Introduced by Assembly Member Gonzalez
- B. Assembly Bill No. 2012, Introduced by Assembly Member Chu
- C. Orange County Transportation Authority Principles for Transit Fare Program Legislation
- D. Orange County Transportation Authority Legislative Matrix

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