



Transit Stakeholder Group

Introduction Meeting
September 25, 2023



Agenda

Introductions

Overview Presentation

Open Discussion

Next Steps



Stakeholder Group Goals

Policy Direction

In May 2023, Mayor and Council directed the City Manager and Department of Transportation and Mobility to create a stakeholder group that includes transit users, transit drivers and operators, and community members, to come up with long term solutions to funding and service improvements.

Goals

To leverage the knowledge and insight of working group participants to help guide conversations and ultimately form transit funding recommendations to be shared with Mayor and Council in late 2023.

Short term –

Recommendation on securing funding for fare-free transit through remainder of FY2024

Mid term –

Recommendation to secure funding for fare-free transit indefinitely

Long term –

Recommendation on a sustainable transit funding source



Background

The Basics:

The Tucson Metro area is served by several public transportation services that are managed by the City of Tucson (City) and Pima Association of Governments (PAG)/Regional Transportation Authority (RTA). These services operate throughout the urban area of Tucson with rural services also provided and funded by RTA in some of the outlying areas. The transit services operating with the **City of Tucson** include **Sun Tran**, **Sun Express**, **Sun Link**, **Sun On Demand** and **Sun Van**.

- **Sun Tran:** The City of Tucson provides 29 local fixed-route buses, with daily service to City of Tucson, City of South Tucson, Town of Marana, Town of Oro Valley, the Tohono O’odham Nation, the Pascua Yaqui Tribe, and Unincorporated Pima County.
- **Sun Express:** There are 12 express routes that provide quick access to major destinations, these routes operate during peak weekday commuting hours with limited stops along the route.
- **Sun Link:** Sun Link is a streetcar that operates along a 3.9-mile loop with 23 stops that extends from the University of Arizona, through downtown, to the Mercado District.
- **Sun On Demand:** In November 2020, Sun Van launched a micro transit pilot program in two zones. This service provides curb-to-curb access to and from any address within the zones.
- **Sun Van:** Provides ADA compliant paratransit services to eligible residents in Tucson, Tohono O’odham Nation, Pascua Yaqui Tribe, South Tucson, and parts of unincorporated Pima County.



Background

Impacts of COVID-19:

In March 2020, City of Tucson Mayor and Council directed the City Manager, in coordination with the Department of Transportation and Mobility (DTM), and Sun Tran, to suspend the collection of transit fares as part of the City's efforts to mitigate the spread of COVID-19 and lessen the negative financial impact of the pandemic on Tucson residents.

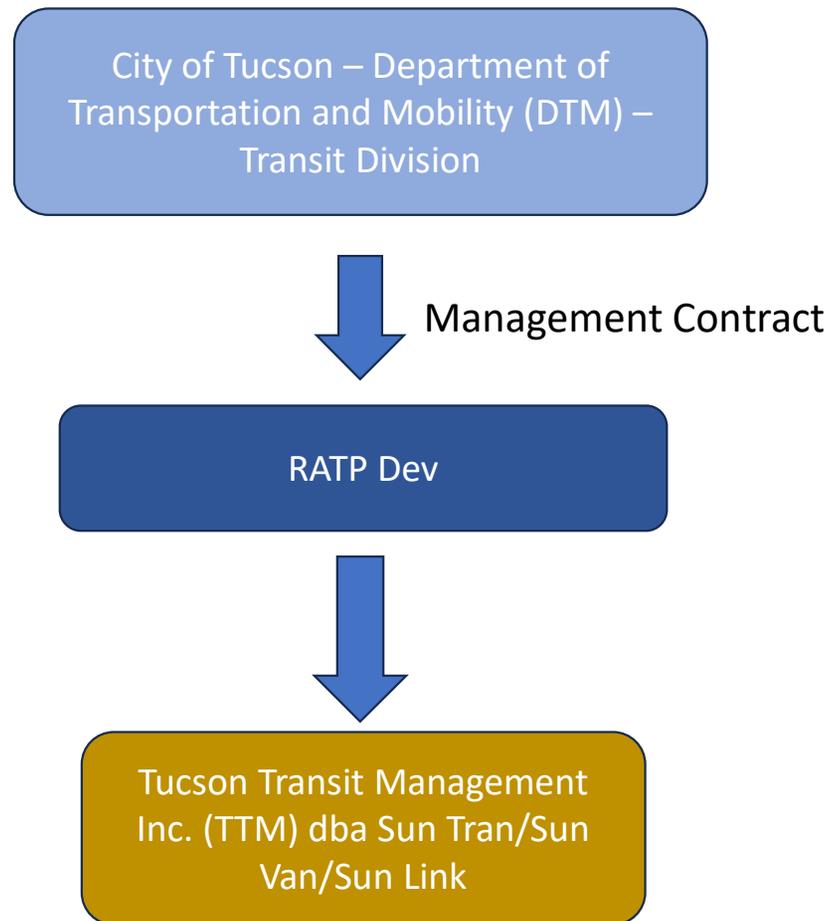
Current Status

Current Mayor and Council direction is that all modes of public transit shall remain fare-free and will continue to operate as such until there is an affirmative vote by Mayor and Council to re-instate fares.

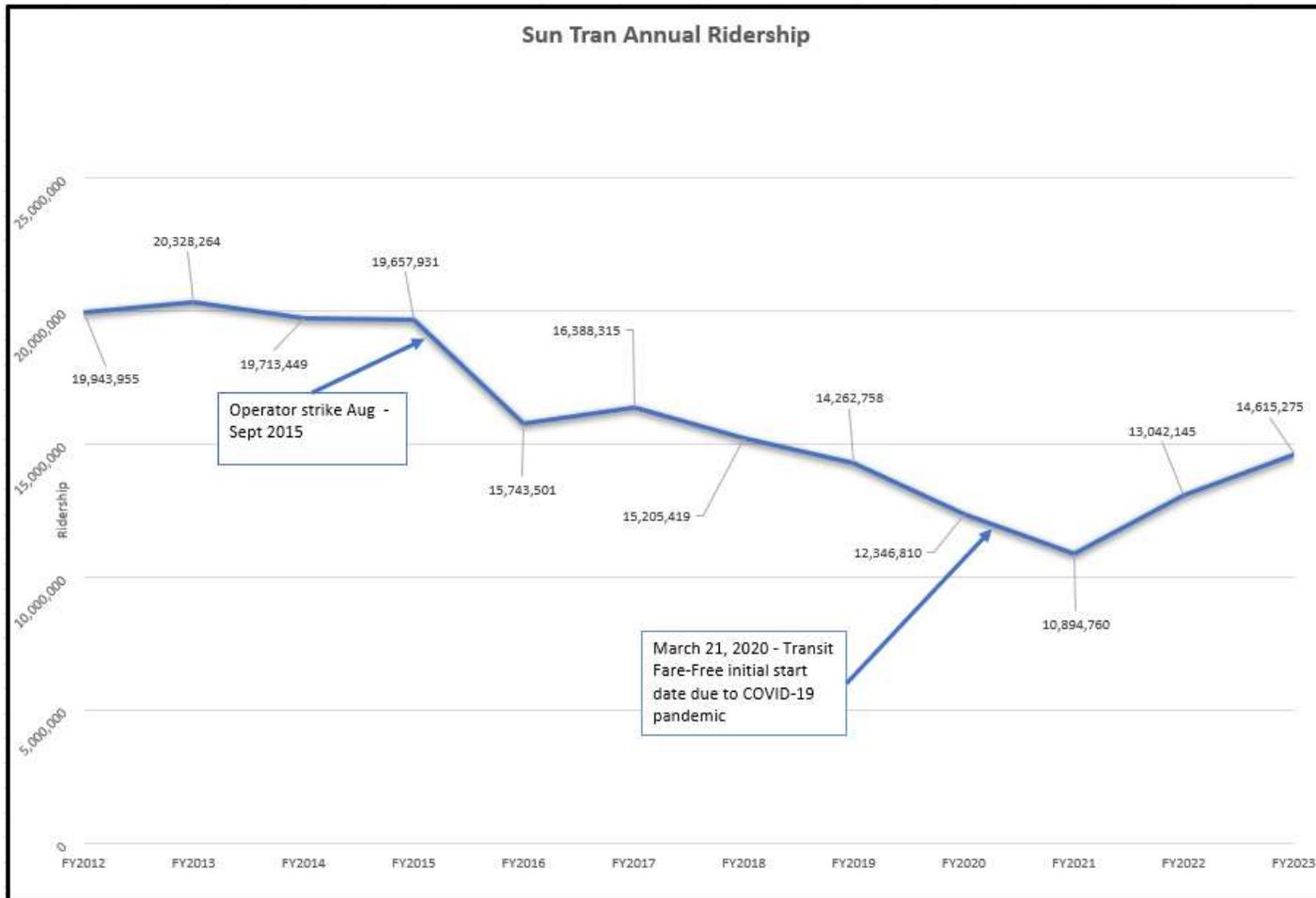
As a combination of the lessening impacts of COVID-19 and fare-free operations, ridership has been increasing across all modes and is anticipated to surpass pre-pandemic levels for fiscal year 2023.



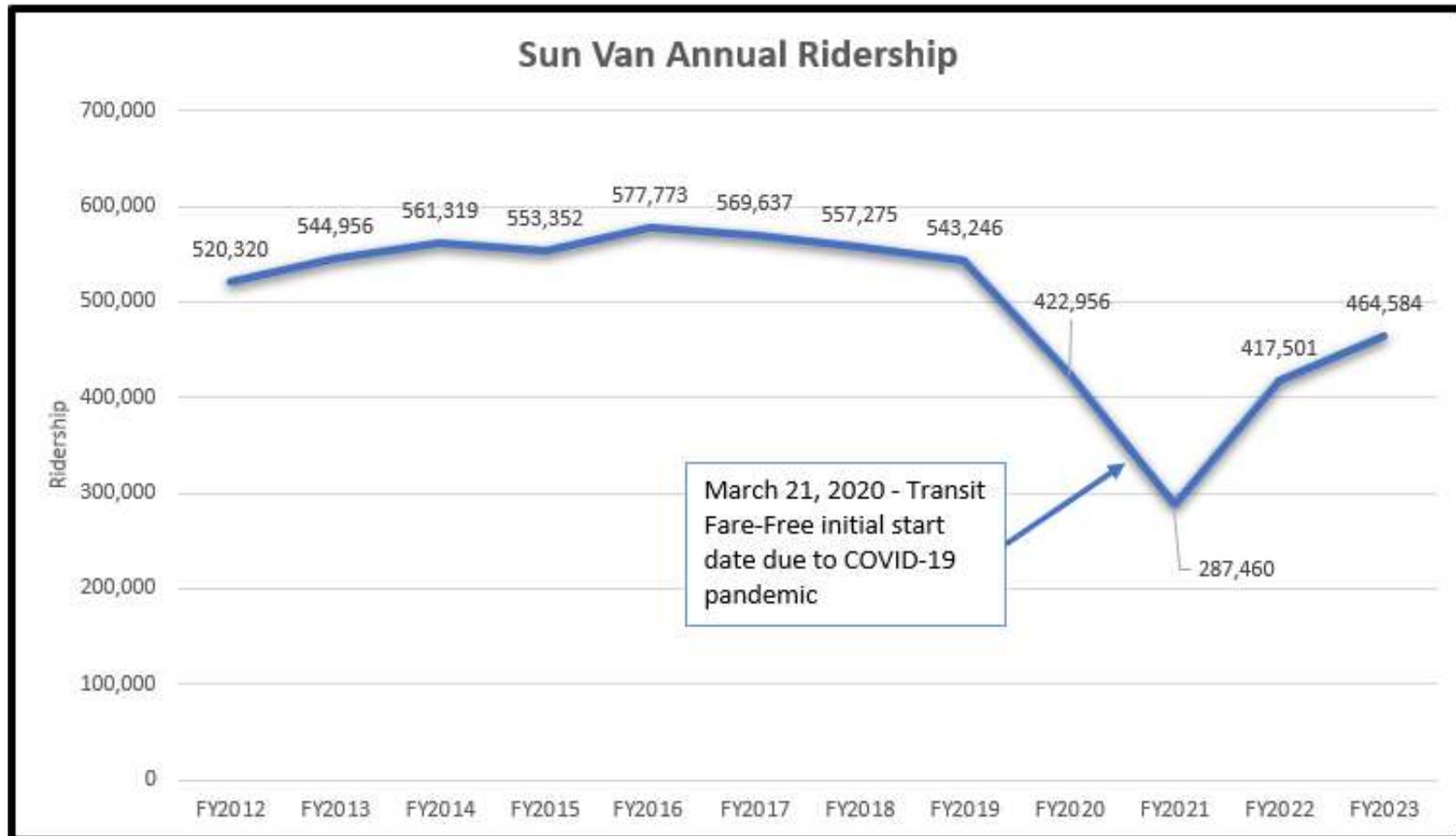
Transit Management Structure



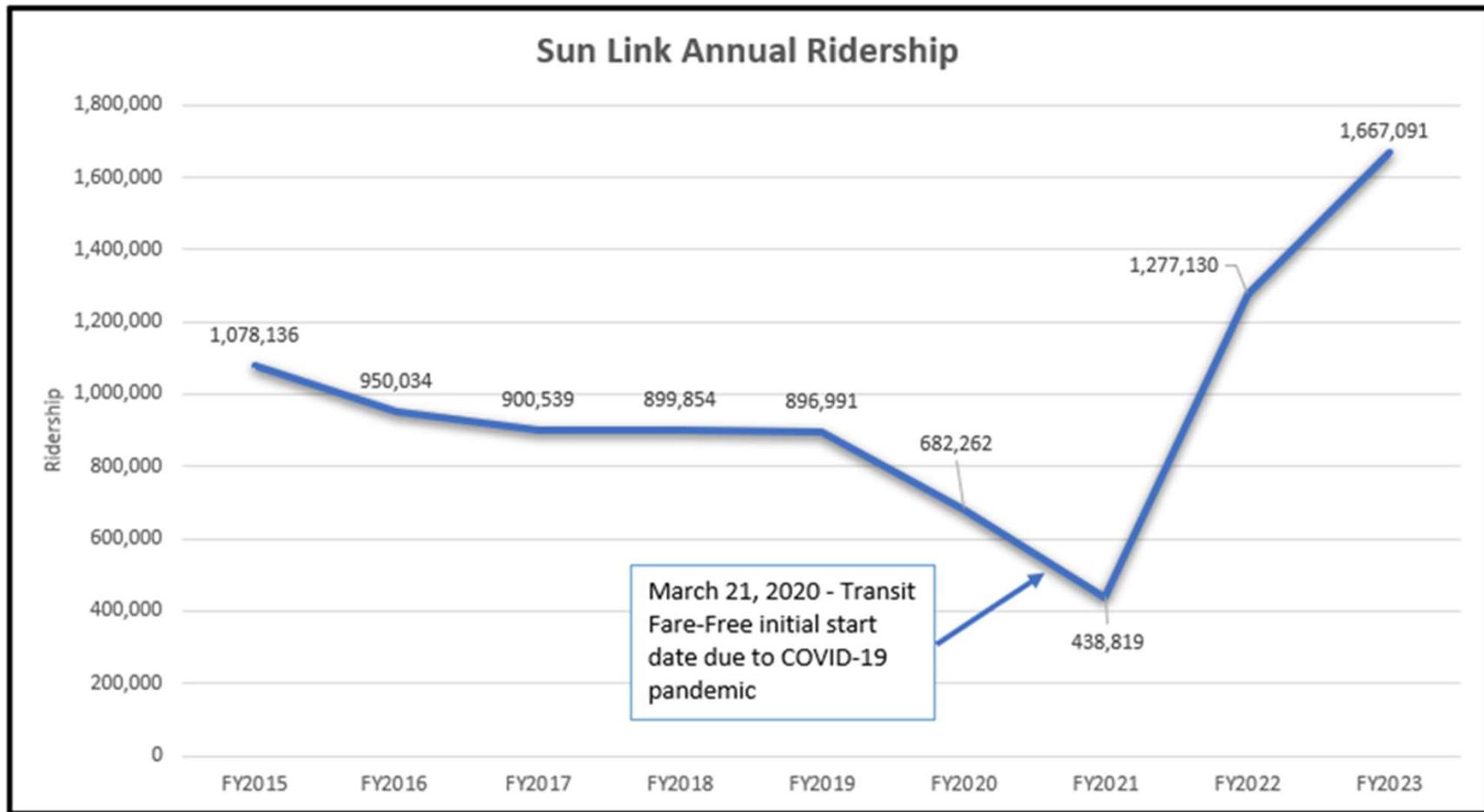
Ridership Trends – Sun Tran



Ridership Trends – Sun Van



Ridership Trends – Sun Link

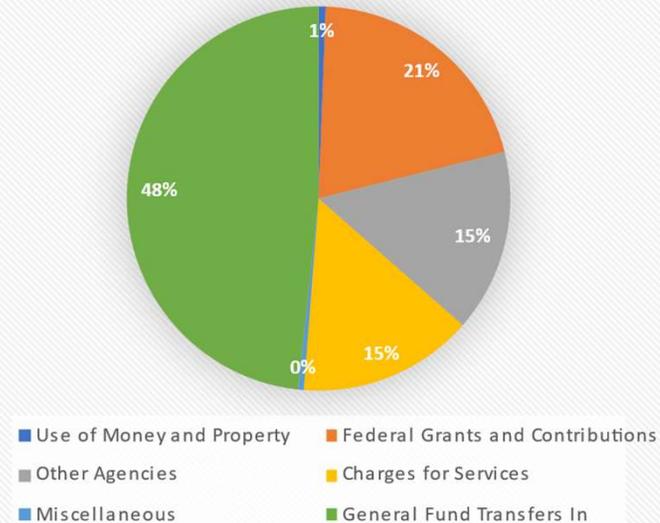


Pre-COVID Operating Revenues

Current Revenue Sources

- **General Fund (Transfers In)** – City of Tucson contribution.
- **Farebox Collections (Charges for Services)** – suspended effective March 2020; typically accounts for approximately \$10M - \$12M annually (FY16 – FY19)
- **PAG/RTA** – regional sales tax dollars used to fund expanded service including weekends, evenings and increased frequency.
- **Grants** – Federal grant dollars for transit-related preventative maintenance.
- **Intergovernmental Agreements (IGAs)** – agreements with regional jurisdictions including Pima County, City of South Tucson and the Town of Marana, for the provision of transit services.
- **Advertising** – revenue from ads placed on vehicle wraps, bus stops and transit stations; currently, these are based on a contractual agreement with Lamar.
- **Other Sources** –
 - Agency contributions in the form of access agreements to help fund routes or route extensions.

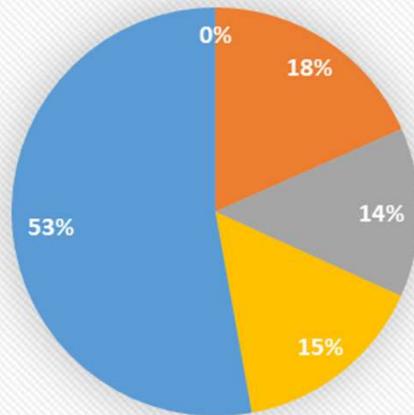
Mass Transit Fund FY19 Revenues (Actual)



Mass Transit Fund FY19 Revenues (Actual)	
Revenues	Amount
Use of Money and Property	\$ 537,266
Federal Grants and Contributions	\$ 18,030,609
Other Agencies	\$ 13,523,758
Charges for Services	\$ 12,998,641
Miscellaneous	\$ 416,982
General Fund Transfers In	\$ 42,504,038
Total	\$ 88,011,294

Pre-COVID Operating Revenues

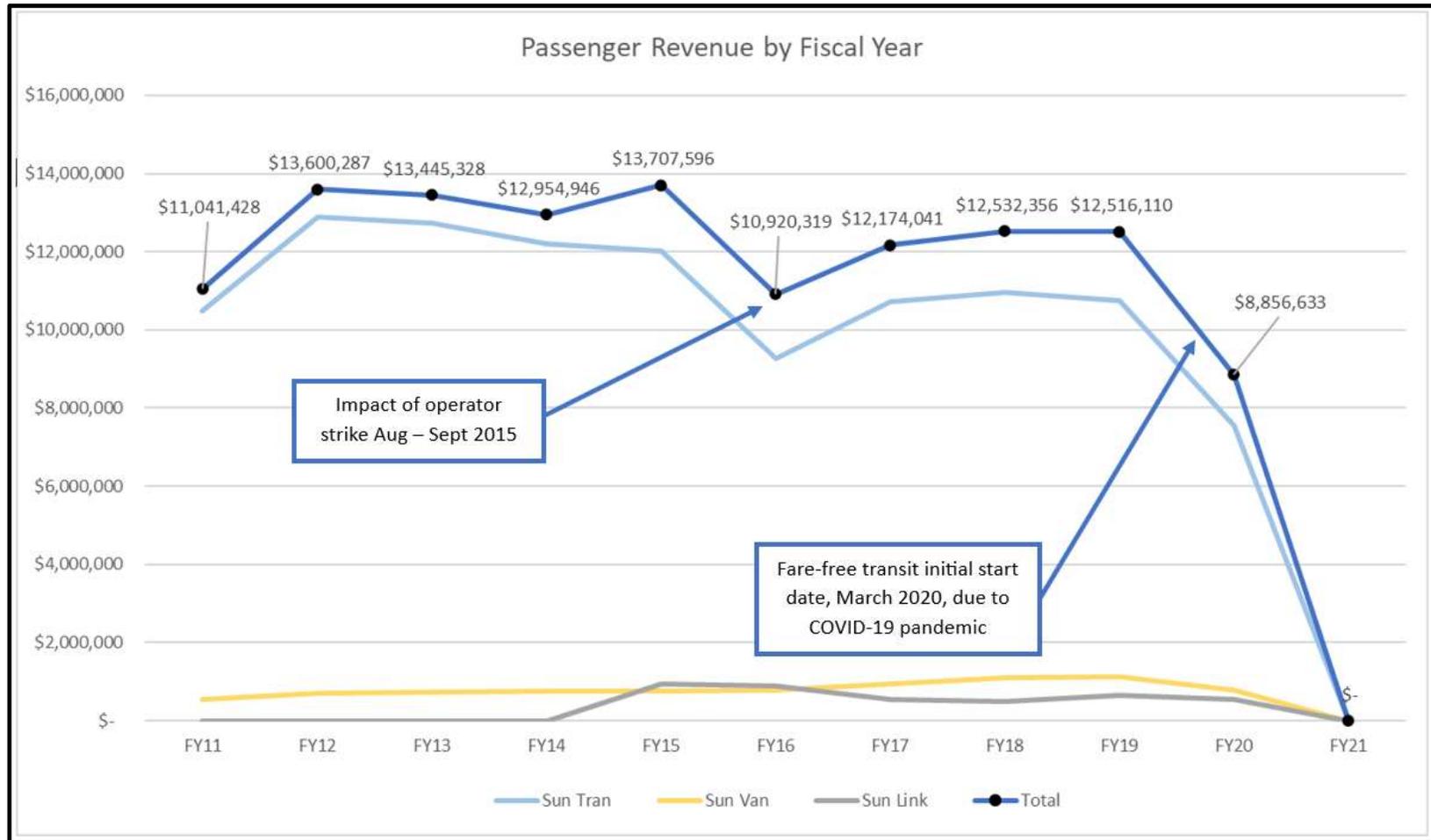
Sun Link Fund FY19 Revenues (Actual)



■ Use of Money and Property ■ Other Agencies ■ Charges for Services
■ Miscellaneous ■ General Fund Transfers In

Sun Link Fund FY19 Revenues (Actual)	
Revenues	Amount
Use of Money and Property	\$ 677
Other Agencies	\$ 1,200,000
Charges for Services	\$ 876,063
Miscellaneous	\$ 1,003,985
General Fund Transfers In	\$ 3,456,251
Total	\$ 6,536,976

Historic Farebox Revenues



FY24 Budget (Fare Replacement)

Below represents the fare replacement budgetary strategy for the first half of FY24 (July 1, 2023 – December 31, 2023). This strategy was outlined by the City Manager's Office and presented to Mayor and Council during the Study Session on May 9, 2023.

Fare-Free Funding Sources - Totaling \$4.6M	Amount
General Fund; via Hotel/Motel Surcharge	\$ 2,000,000
Partnership with TMC	\$ 790,000
Sun Tran efficiency - reduced expenses	\$ 710,000
Partnership with Visit Tucson	\$ 614,000
Identified Funding Sources	\$ 4,114,000
Remainder: From Transit Investment Plan	\$ 486,000

2016-2017 City Manager's Transit Stakeholder Group

Under direction of Mayor and Council, the City Manager's Office established a Transit Stakeholder Group which met regularly from September 14, 2016, through November 8, 2016; key details about this group are listed below:

Purpose: engage relevant stakeholders to examine alternative transit management models and funding options to support the long-term sustainability of the transit system to meet the needs of the community.

As it relates to this new Stakeholder Group (2023) – one of the questions addressed by the [2016-17 Group](#) was what agency or institutional structure should be responsible for transit services in Tucson. The options analyzed were:

1. City of Tucson (Status Quo) Option
2. Regional Transportation Authority (RTA) Option
3. Joint Powers Organization (JPO) Option
4. Metropolitan Public Transit Authority (MPTA) Option



2016-2017 Stakeholder Group Findings

Funding – Recommended a dedicated funding source (See below)

Agency Management – Recommended the establishment of a Metropolitan Public Transit Authority (MPTA), which represents the only existing state legislation with the needed features to support the long-range transit goal, including:

Dedicated funding source (property tax)

- Can be solely formed by the City of Tucson through a City ordinance
- Allows other regional agencies to join if they desire
- Directly elected Board with proportional representation among members
- Provides flexibility in service delivery
- Puts sole focus on the provision of transportation services

Long-term would pivot funding away from General Fund expenditure

Would require some updating of the legislation to account for Federally required paratransit services and other complementary multi-modal transportation elements



Other Funding Options

- Transportation Utility Fee (TUF)
- Public Utility Tax (PUT)
- Impact Fees
- Special Taxing District
- Access Agreements



Transportation Utility Fee (TUF)

A transportation utility fee (TUF) is defined by the Federal Highway Administration (FHWA) as a financing mechanism to treat municipal transportation needs as a utility for which users of the system pay a fee based on their use of the system.

Considerations for the City of Tucson

- Legal distinction between a “fee” and a “tax” needs to be reviewed from the State’s perspective
- Currently none enacted in State, would likely be viewed as tax rather than fee
- Based on a review of the Arizona Revised Statutes (ARS), there are currently no allowances for the authorization of an assessment of a transportation user tax/fee on real property of a municipality in Arizona

Public Utility Tax

This type of tax is levied uniformly to all utility ratepayers based on utility charges.

Considerations for the City of Tucson

- Mayor and Council has the capacity to increase the Public Utility Tax (PUT), under Section 6 of Chapter 17 of the Charter, for all utility charges within City of Tucson jurisdiction
- The current PUT is at six percent (6%); any increase to this rate would position the City at amongst the highest PUT imposition in the state
- Revenues collected from the existing PUT are funneled into the General Fund
- Regressive tax, with greatest impact to fixed and low-income households

Impact Fees

A fee assessed on new developments to help fund a proportionate share of the cost of infrastructure needed to serve that development.

Considerations for the City of Tucson

- This type of fee is highly regulated by the State of Arizona and is limited in use to only certain expenditures that provide a benefit to the property in which the impact is being imposed upon
- ARS 9-463.05 prohibits the ability of municipalities to use impact fee revenues to fund any public service provided by the municipality, including transit services

Special Taxing District

Certain subsections of the City may vote to create special improvement to help fund municipal improvements

Considerations for the City of Tucson

- Types of services permitted to be funded using a Special Taxing District:
 - Enhanced municipal services (ARS 48-575)
 - Public improvements (ARS 48-572)
 - Pedestrian malls (ARS 48-573)
 - Parking facilities, retention basins and parkways (ARS 48-574)
- Transit is not included as an authorized use of these special taxing district

Access Agreements

Agreements between municipalities and private businesses to assist in funding transit operations.

Considerations for the City of Tucson

- These public-private partnerships can play a key role in ensuring the sustainability of fare-free transit operations as they allow for the recouperation of farebox revenue and help lessen the burden on the General Fund.
- Current examples:
 - TMC – included in FY24 Revenue strategy
 - Raytheon – funds the 201X Express Route
 - Amazon – funds an extension of Route 37 (Pantano) to the Amazon facility on Kolb/Valencia
- The 2016-2017 Stakeholder group cites access agreements, listed as P3 (public/private partnerships) opportunities, as a key potential funding source for transit services.

Open Discussion

