



Transit Stakeholder Group

Third Meeting
October 23, 2023



Agenda

Introductions

Presentation

Open Discussion

Draft Recommendations/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 create long term solutions for 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

Short Term Options



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

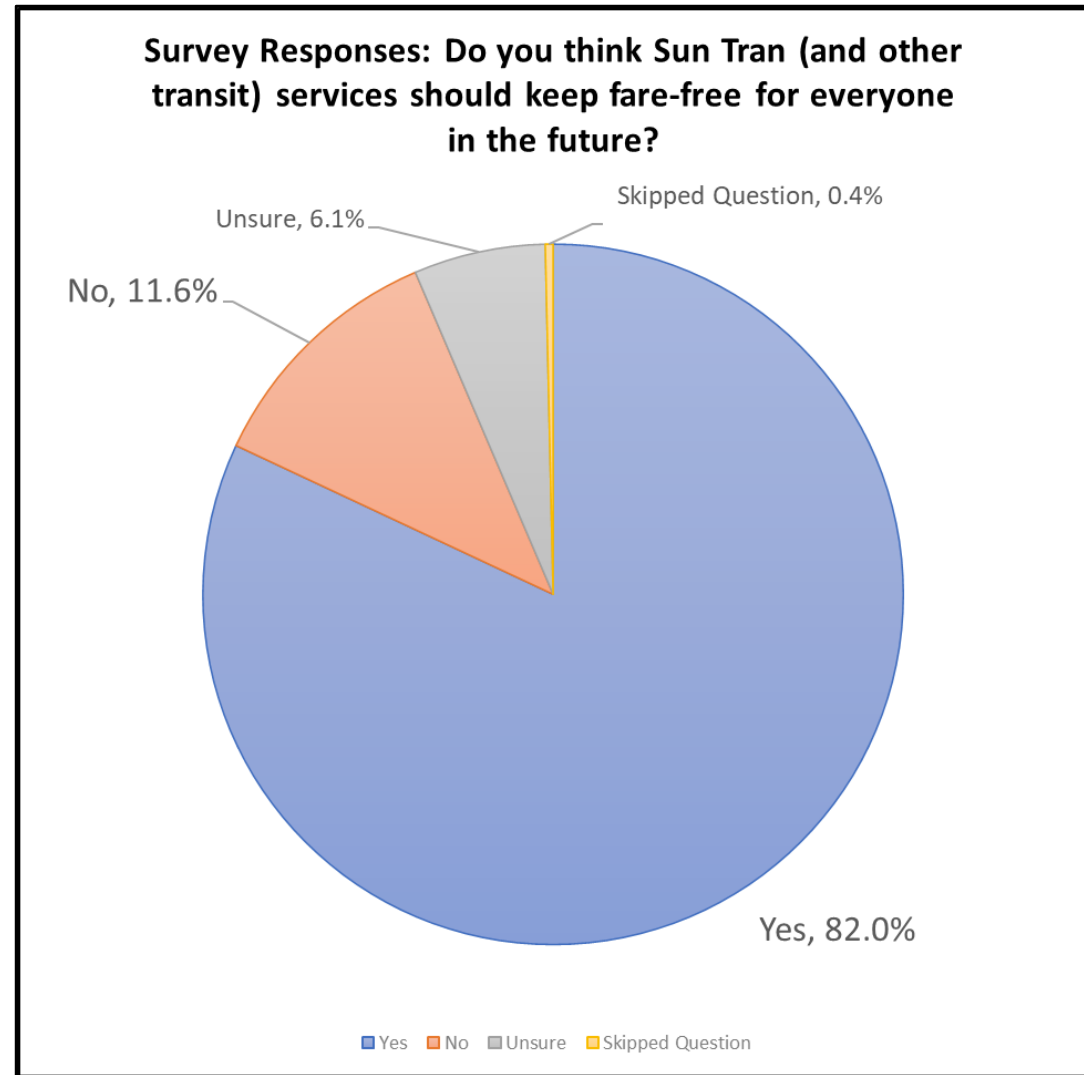
- Call bed tax/surcharge All Access Transit Fee (maybe non-residents only)
- Access agreements
- Broader outreach for fare-free transit
- Return to fare collection
- TUSD – Fare-free for school aged children



Sun Tran Fare Outreach

Under direction of City of Tucson Mayor and Council, Sun Tran conducted outreach related to fare-free transit. As a part of this outreach, a survey was made available allowing the community to provide input on the future of fares. The results of this additional outreach are summarized in [Attachment B](#) of Mayor and Council Study Session Item 2 from October 5, 2022.

The question: **“Do you think Sun Tran (and other transit) services should keep fare-free for everyone in the future?”** had 5,594 responses as of September 15, 2022. Those results are shown to the right –

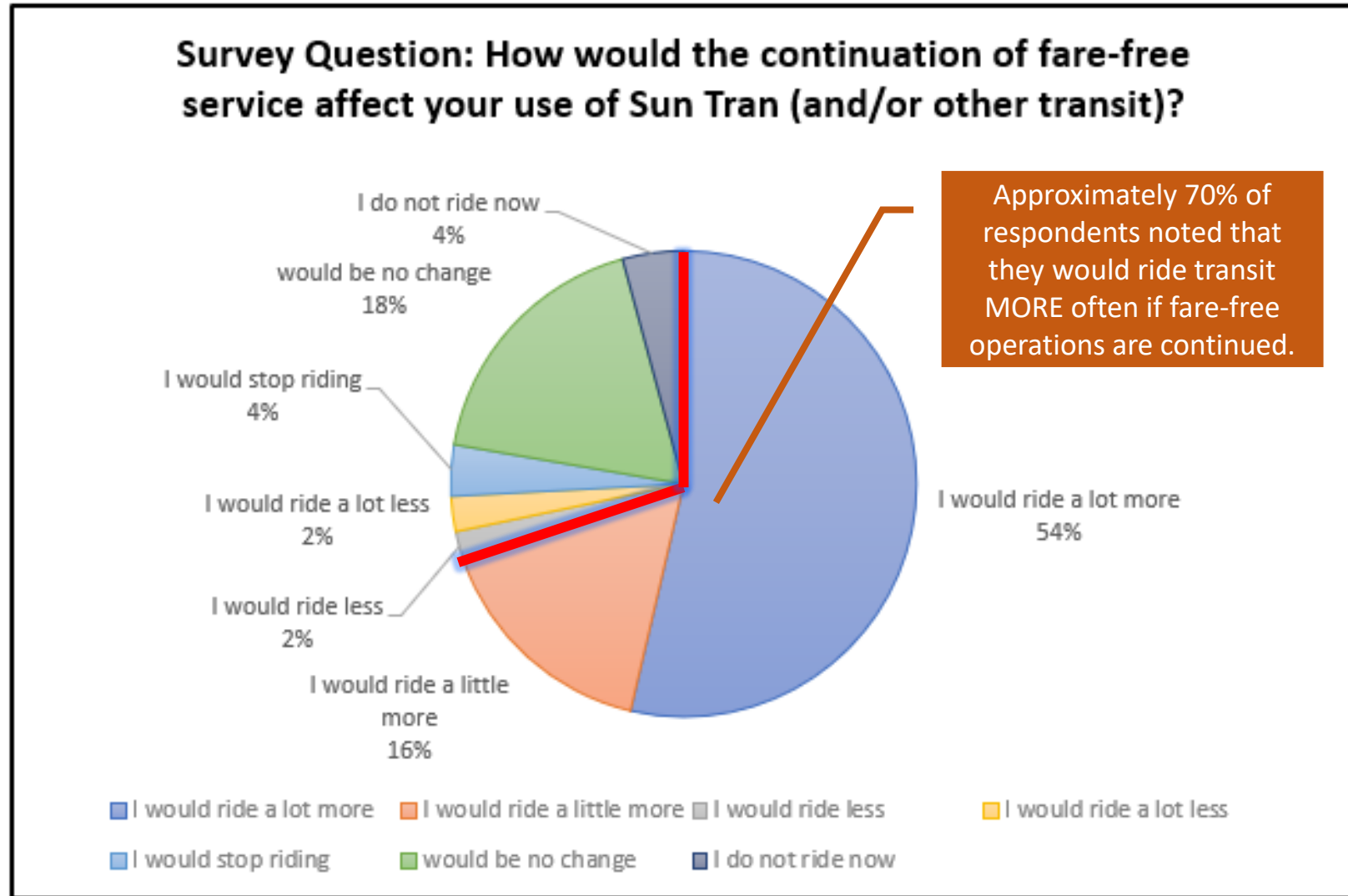


Sun Tran Fare Outreach

The results of the question, “**How would the continuation of fare-free service affect your use of Sun Tran (and/or other transit)?**” are shown to the right –

When asked, “**What do you think are the biggest benefits of fare-free service?**” common responses were:

- Accessible transportation for all
- Helping the community
- Good for the environment
- One less worry for people struggling during/post pandemic



Mid Term Options



Mid term – Recommendation to secure funding for fare-free transit indefinitely

- Rental car tax (need more info)
- Bed tax
- Access agreements



Rental Car Tax

Current Status

- City of Tucson does not charge a specific tax or fee for vehicle rentals.
- Pima County currently has a countywide \$3.50 rental car surcharge; Maricopa County charges the greater of \$2.50 or 3.25% of the gross income of each rental car agreement.
 - For Pima County, usage is restricted to County sports facilities
- Some transaction privilege tax may be collected in the “Commercial Rental”, “Rental of Real Property”, and “Rental of Tangible Property” buckets for vehicles but there is nothing akin to the County’s \$3.50 rental car surcharge.



Hotel/Motel Surcharge

Current Status

- City of Tucson currently imposes a hotel tax, “Transient Rental Tax,” (6.0%) and an additional Hotel/Motel Surcharge (\$4.00/night).
- FY24 City of Tucson budget includes \$2M allocated from the Hotel/Motel Surcharge to be used for transit, which represents about 25% of the total collected amount from this fee (based on FY22 actuals).



Long Term Options



Long term –Recommendation on a sustainable transit funding source

- MPTA
- Access agreements

Metropolitan Public Transit Authority (MPTA)

Key Direction from the Arizona Revised Statutes (ARS)

Q: What is an MPTA?

A: A political subdivision organized to provide all necessary resources and materials to operate and maintain a public transit system (see ARS [40-1111](#)).

Q: Can the City of Tucson form an MPTA?

A: Yes, the MPTA may be formed by the governing body of the municipality; for the City of Tucson, this would be the Mayor and Council (see ARS [40-1112](#)).

Q: What mechanism can the City of Tucson use to establish an MPTA?

A: The City of Tucson Mayor and Council can form the MPTA by ordinance. The articles of incorporation would need to include the names of other participating jurisdictions (if applicable) and the name of the MPTA (see ARS [40-1113](#)).

Q: Can the MPTA operate the federally required ADA complementary paratransit services?

A: Appears funding for paratransit is not prohibited by any language in the ARS.

Metropolitan Public Transit Authority (MPTA)

Key Direction from the Arizona Revised Statutes (ARS)

Q: How would the board of directors be established?

A: The initial board is composed of 5 members appointed by the governing bodies establishing the MPTA, based on equal representation by population. The initial board will serve until January 1 of the year succeeding the next general election of the state (see ARS [40-1121](#)).

Q: Once elected, how long would the board of directors serve?

A: Elected board members shall serve 4-year terms. Any vacancies on the board outside of the expiration of the 4-year term shall be filled by appointment through a resolution by the board (see ARS [40-1121](#)).

Q: How would the City of Tucson, and other jurisdictions, be represented on the board of directors?

A: The board will have equal representation of member jurisdictions based on population, with total membership capped at 11 elected members (see ARS [40-1121](#)).

Q: If established, what role would City of Tucson Mayor and Council play in the MPTA?

A: City of Tucson Mayor and Council currently serves as the Board of Directors for the public transit system. If the MPTA were established, that governing authority would transfer to the MPTA Board of Directors.

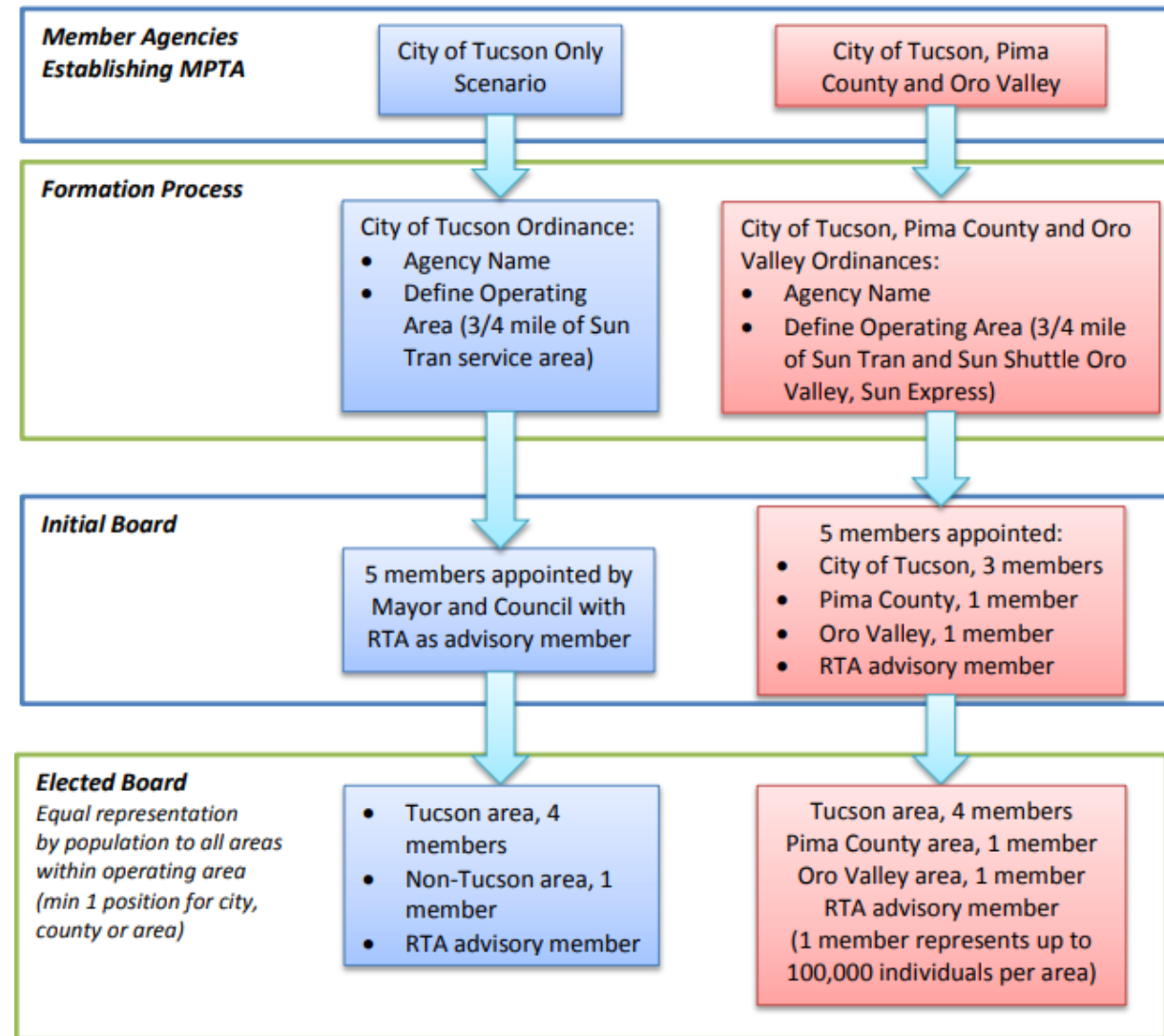


Metropolitan Public Transit Authority (MPTA)

MPTA Formation and Board Membership Scenarios

A graph showing two possible scenarios for the formation of the MPTA, and potential board membership is shown to the right –

- The first scenario assumes that the City of Tucson forms the MPTA with the Sun Tran service area as the designated MPTA operating area. For purposes of this hypothetical scenario, the total population within the MPTA operating area is assumed to be 500,000 with 400,000 in the Tucson area and 100,000 in the other areas.
- The second scenario assumes that agencies with a larger investment in transit (City of Tucson, Pima County, Oro Valley) join the MPTA at formation with the Sun Tran service area and the Sun Shuttle Dial-a-ride Oro Valley as the designated MPTA operating area. For purposes of this hypothetical scenario, the total population within the MPTA operating area is assumed to be 550,000 with 400,000 in the Tucson area, 100,000 in Pima County and 50,000 in Oro Valley.



Metropolitan Public Transit Authority (MPTA)

Key Direction from the Arizona Revised Statutes (ARS)

Q: Can the MPTA operate fare-free?

A: This depends on several factors:

- a) How much revenue the MPTA generates and whether that revenue is sufficient to cover the items listed in ARS [40-1127](#).
- b) The nature of the revenues and whether they can fairly be called “charges for service” – these would include revenue sources like access agreements and advertising.
- c) A clearer understanding of the term “insofar as practical” as it relates to “shall be sufficient to pay” in ARS [40-1127](#).

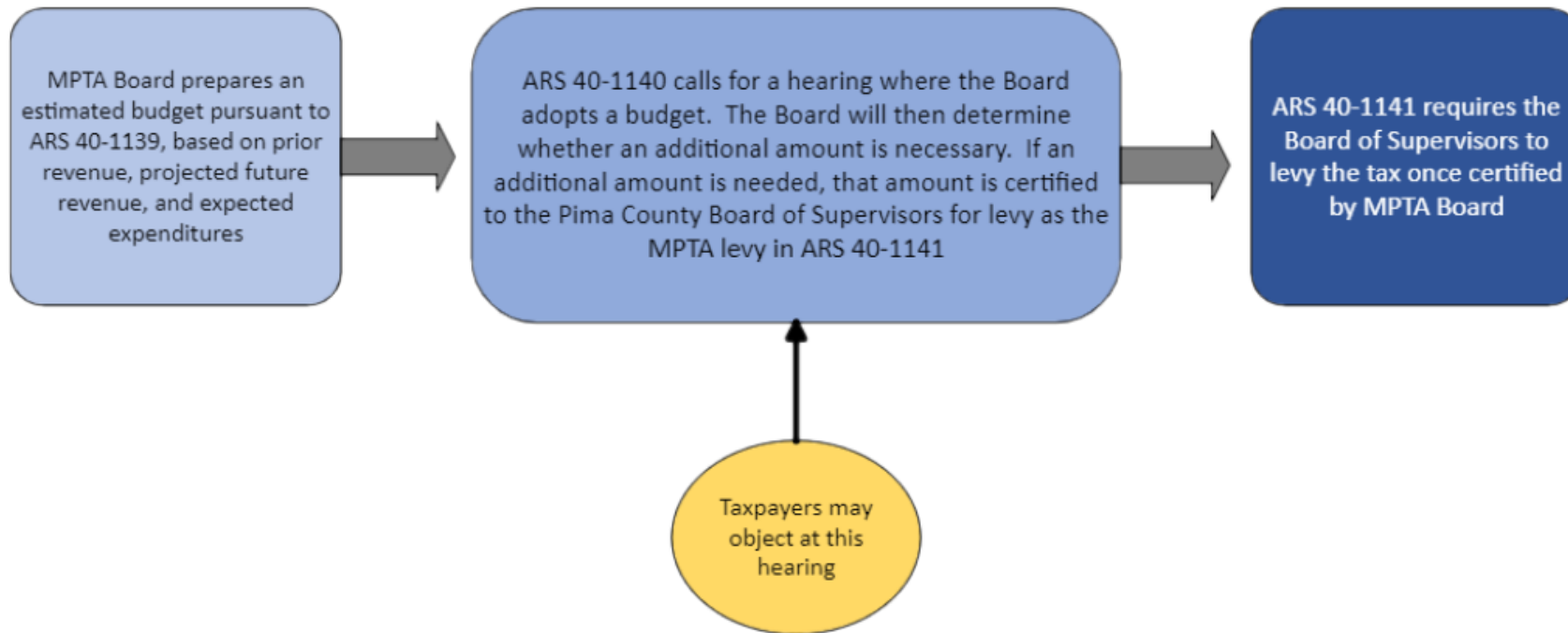
It is also important to note that **fare policy**, including the decision to operate fare-free, **would solely be determined by the MPTA Board of Directors.**

Metropolitan Public Transit Authority (MPTA)

Key Direction from the Arizona Revised Statutes (ARS)

Q: Can the MPTA levy property taxes? Is there a cap on the amount that can be levied?

A: Yes, the budgetary process would look like:

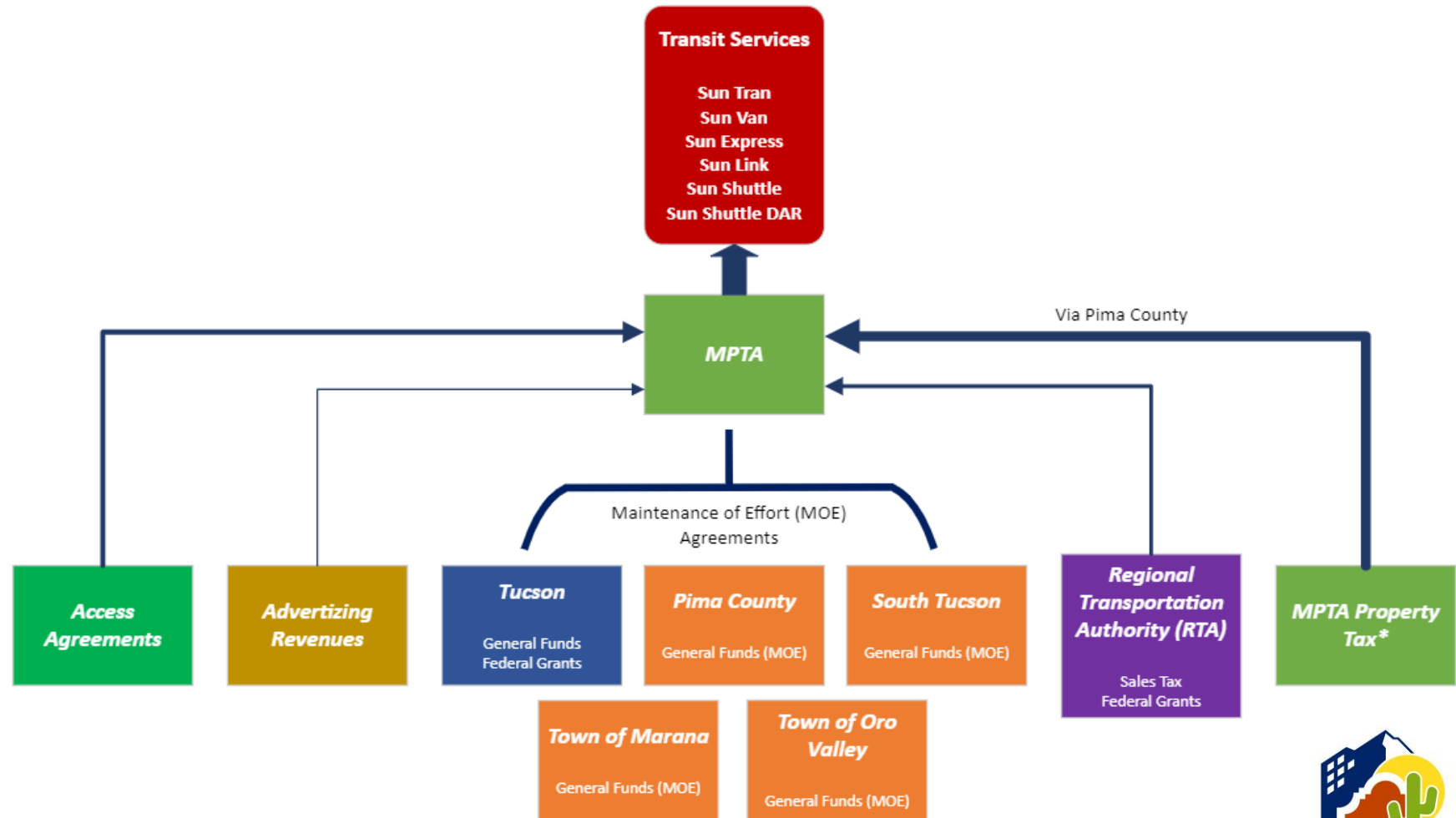


Note: The limit on the amount of the property tax levy is based on the budgeted amounts and revenues presented in the budget estimates and certified budget. No amount can be levied other than the additional amount allowed in ARS [40-1140](#); that statute controls in terms of amount.

Metropolitan Public Transit Authority (MPTA)

Potential Funding Scenario

While the MPTA would have a property tax as a primary funding mechanism, there could be additional sources of funding through Maintenance of Effort (MOE) agreements with participating jurisdictions, regional sales tax dollars, access agreements, and advertising revenues.



* Determined by MPTA Board based on projected revenues and expenditures

Goals Re-Visited – Initial Recommendations



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

Questions for Consideration



1. Which funding sources make the most sense for sustainable long-term transit service provision?
2. Outside of fares, is there a way to market transit that would promote system investment through avenues such as access agreements?
3. What are some of the other common funding sources that peer systems have tapped into that could be included in this conversation?
4. Which funding strategy best fulfills the needs of the transit system?