

Questions posed by University of Florida Officials: Meeting on April 22, 2024

How is the rate UF pays to RTS calculated?

The Regional Transit System (RTS) uses a cost allocation formula that takes into account variables including vehicle operations, vehicle maintenance, and facility maintenance and administration; it divides these into shared or direct costs; and it further allocates shared costs to fixed route, microtransit and paratransit services.

Budgeting for a transit system is not simple. To ensure all factors are considered, the City of Gainesville has worked with a third-party consultant hired by the Florida Department of Transportation (FDOT) to create a financial model that accounts for all operating and capital expenditures in developing the full system budget. The city is piloting this more complex, highly nuanced financial model for FDOT, which intends to expand its use to other transit agencies.

Operating expenditures include salaries and benefits; scheduling, dispatching and supervising; fare collection; vehicle operations and maintenance; facility maintenance; servicing and fueling of vehicles; inspection and repair of vehicles; fuel and materials; necessary utilities; and administrative and clerical support.

Capital expenditures include purchasing buses, constructing facilities, and replacing equipment.

In the RTS financial model, there are two categories of cost allocations. The *full cost allocation* is comprised of *operating* and *capital* expenditures combined. The *marginal cost allocation* only reflects *operating* expenditures.

In the past, RTS has used the marginal cost allocation to set an hourly rate for bus service. They do this by dividing the budgeted operating expenditures by how many hours buses will be in service for the coming fiscal year. The result is the cost of operating one bus for one hour. This is the definition of a bus service hour.

Historically, the city and university would look at renewing the contract with the marginal cost as the starting point. During the last discussions, the university was able to negotiate the hourly rate down even further; in FY 2024, UF agreed to pay \$84.00 per service hour for the buses that drive along campus routes or routes identified as primarily benefiting the university's students. The budgeted contracted agreement was for \$13,705,715.

If the full cost allocation of \$138.62 per service hour (based on most current audited financial statements) had been implemented, the university would have compensated RTS for the operational cost along with the cost of the facilities, bus replacements and other capital needed to keep the UF partnership functioning. In that case, the UF prepaid bus fare program was discounted by 39.4 percent.

How did we get to this point?

In the mid-1990s, the State of Florida mandated that all state universities identify future growth, assess the impact of that growth, and develop plans to support transportation improvements needed to manage and mitigate the impact of increased construction and student populations.

In 1998, UF responded to that requirement by establishing a new Transportation Fee of 19-cents per credit hour to provide students with unlimited access to RTS bus service. The fee increased yearly until reaching \$9.44 per credit hour in 2015. Since that time, the fee has not increased although the cost of operating the RTS system has. Service hours have been reduced to compensate for rising cost of operations.

Are our students getting the same benefits as others across the system?

The benefits UF students receive from this partnership include:

- Five campus-only routes – created to serve UF students, faculty and staff
- 15 UF-oriented routes – expanded to serve UF students, faculty and staff
 - Increased frequency of bus rotations for shorter wait times
 - Expanded service hours late into the evening
- UF voice in operational decisions – they decide when:
 - Schedule and route changes are made each semester
 - Schedule and route changes are made for holidays
- High level of convenience for UF students, faculty and staff
 - Unlimited access to safe transportation
 - Unlimited rides
 - No need for cash, tickets or tokens if carrying a UF-issued ID card
- Preparedness, mitigation and pedestrian/bicyclist safety
 - Prevention of accidents
 - Minimizing traffic congestion
 - Reducing pollution to meet climate goals

The university's calculation that determined the cost of a one-way fare for UF students is \$2.86 does not reflect the fact that the system is still recovering from the pandemic. For this reason, along with continuing campus construction causing bus detours that impact schedules and ridership patterns, rider numbers are still rebounding. Using that same calculation approach, but averaging in costs over the past 22 years prior to COVID, the one-way fare average for UF students is \$1.31.

Students receive unfettered access to public transit. This also is why students pay health fees, activity fees, technology fees and others. The fee is for convenience, availability and access as they focus on their academic demands.

The University of Florida Campus Transit Study says we pay more than others. How can we confirm for students that what they pay is a fair and equitable amount that matches the costs paid by other riders?

Public transit systems rely on a number of funding sources and RTS is no different. The amount passengers pay to board a bus is not equal to the cost of the ride. Fares make up only 1.1 percent of funding for RTS, with the bulk of the revenue coming from state and federal grants, the local option gas tax, and partnerships with UF, Santa Fe College and Alachua County.

RTS offers a number of different fares. As referenced earlier, over the past 22 years prior to COVID, the one-way fare average for UF students was \$1.31.

These are the current fares that RTS charges; these have not changed since 2009:

- \$1.50 – one-way Adult
- \$0.75 – one-way Medicaid and Medicare Recipient
- \$0.75 – one-way Veterans and Active Duty Military
- \$0.00 – ADA Certified
- \$0.00 – 65 and Over
- \$0.00 – 18 and Under

The negotiated rate for the FY 2024 UF prepaid bus fare program begins with the basic cost of operating buses and then factors in additional campus and UF-oriented routes. The result is a customized partnership package, which is routinely revised by UF leadership to reflect the evolving needs of students, faculty and staff.

UF students, faculty and staff have historically represented approximately 70 percent of total RTS ridership. In FY 2024, UF still makes up a majority of riders but the university only provides 49.2 percent of the system's funding.

You have said UF is receiving a subsidized rate. Are other partners also receiving a subsidized rate?

The estimated actual cost of a one-way ride on an RTS bus in FY 2024 is \$5.01 per trip (marginal costs only, not including capital). Full cost would be closer to \$6.22 per trip.

Additionally, with the UF prepaid fare program, students are subsidizing services for each other. Although not every student will ride the bus, every student pays the transportation fee as part of their tuition, and the entire study body benefits from the massive buying power of a bloc representing more than 60,000 potential passengers. Every student supports the system as an overall benefit to their academic community that provides stability, safety and reliability as they travel on campus and throughout the city.

How can you be certain your accounting of UF ridership numbers is accurate?

UF students show a student ID card when boarding an RTS bus, and drivers keep track of passengers by pressing a coded keypad on the farebox and through the Automatic Passenger Counter (APC). This means there are two counting methods in place to document every passenger boarding an RTS bus. RTS bus drivers are trained to use these standardized counting methods accurately.

In order to qualify for federal grants, the FTA requires transit agencies to collect data during the year by using drivers' logs, mobile data terminals, Automatic Passenger Counters (APCs), manual passenger counters, and fareboxes. The counting methods used by drivers of RTS buses to record the number of boarding passengers are in accordance with the standards set by FTA for all public transit agencies.

In recent discussions with the university, an alternate technology solution was briefly discussed at the last meeting. However, the city made it clear this technology came with a cost of approximately \$2.5 million based on previous quotes from vendors. The city has not moved forward with implementation of this technology due to cost.

How are the grant funds applied? Shouldn't UF receive a disproportionate share of grant funding because we represent the majority of riders?

Almost all federal support for public transportation is provided through the FTA in the form of grants. To distribute these grants, the FTA uses formulas that allocate the awards on the basis of the size and density of population, the amount of local transit infrastructure, the level of demand for public transportation and other relevant measures. Although the FTA's grants are primarily intended for capital projects, in some cases they may also be used for operation and maintenance.

Since 1999, RTS has received \$202,568,128 in federal grants. This has been possible due to accurate accounting of ridership data. RTS uses grants to buy new buses, improve facilities, replace equipment, and—when supported by grant guidelines—supplement operating costs. All passengers benefit from grant funding equally across the Gainesville Urbanized Area, including UF passengers.