

AGENDA ITEM II – C
STAFF REPORT

2024 ANNUAL EXECUTIVE DIRECTOR’S REPORT

RECOMMENDATION: Information only.

Organizational History

Yuba-Sutter Transit, known as the Hub Area Transit Authority (HATA) until January 1993, was formed in 1975 by Sutter and Yuba Counties and the Cities of Marysville and Yuba City as a joint powers agency (JPA) for the provision of public transit services. Since its inception, Yuba-Sutter Transit has carried out this charge by contracting with private transportation companies for the operation of all services.

From 1975 to 1979, service was provided exclusively to seniors and persons with disabilities through a contract with a local taxicab company for the "Our Car" taxi subsidy program. As a condition of a legal settlement with California Rural Legal Assistance (CRLA), this service was replaced and expanded in 1979 with the purchase of thirteen mini-buses to implement a general-public demand response service known as Dial-A-Ride. A network of local fixed routes was added in 1982. Since 1979, a regional or national transportation provider (currently Storer Transit Systems) has operated Yuba-Sutter Transit’s core services.

In January 1988, following an independent operational analysis prompted by poor system performance, the service was significantly reduced with the elimination of the local fixed routes, Sunday service, and most rural area services in favor of a general-public zonal dial-a-ride system for the urban area. At the same time, Sutter County withdrew from the Authority to establish a taxi subsidy program for service to the unincorporated urban areas of the county. That service was discontinued when Sutter County rejoined the Authority in January 1991.

In response to the 1988 operational and organizational changes, CRLA filed another lawsuit against the Authority, the member jurisdictions and the Sacramento Area Council of Governments (SACOG). The resulting settlement agreement in 1990 led to the 1992 completion of a fixed route feasibility study and a comprehensive marketing plan. As a result of these studies, local fixed route service was reinstated, and the agency name was changed to the Yuba-Sutter Transit Authority (Yuba-Sutter Transit) effective January 1993.

Services Provided

Yuba-Sutter Transit currently offers local fixed routes, local demand response (Dial-A-Ride) and paratransit service, intercity express commuter and midday service to downtown Sacramento, and three rural routes serving Live Oak, Wheatland, and the Yuba County foothills. In FY 2019, the last full fiscal year before the COVID-19 pandemic took hold locally, Yuba-Sutter Transit operated a combined 92,571 vehicle service hours and provided 931,951 one-way passenger trips. In FY 2021, the first full fiscal year of the pandemic, the agency operated a combined 76,888 vehicle service hours (down 17% from FY 2019) and provided just 347,891 one-way passenger trips (down 63% from FY 2019). However, systemwide ridership has continued to climb since the depths of the pandemic, increasing 29% from FY 2021 to FY 2022, another 15% in FY 2023, and just over 11% in FY 2024. This significant rebound in ridership is despite the operation of a net 2% less annual service hours today compared to FY 2021.

Local Fixed Routes: The local fixed route system provides service every 30 to 60 minutes on six routes serving Yuba City, Marysville, Linda, and Olivehurst. As of January 21, 2025, service will be provided each weekday

from approximately 6:30 a.m. to 8:00 p.m. and from approximately 8:30 a.m. to 5:30 p.m. on Saturdays. Yuba-Sutter Transit does not operate any service on Sundays or major holidays. Since early in the pandemic, due to reduced ridership levels, 12 buses have been used each weekday as Route 2 now operates hourly service rather than the previously scheduled half-hour service.

After being reintroduced in 1993, the local fixed route system experienced steady and often spectacular annual ridership growth in response to numerous service expansions and enhancements. In a typical pre-pandemic year, approximately 56% of the operation was provided as urban fixed route service. Fixed route ridership peaked in FY 2015 at 1,066,580 passenger trips before dropping each year to 731,507 trips in FY 2019, a four-year reduction of 31%. During the peak of the pandemic in FY 2021, local fixed route ridership dropped to just 307,518 passenger trips, down 58% from FY 2019. Through the first six months of FY 2025, however, local fixed route ridership is up over 70% compared to the same period in FY 2021.

Dial-A-Ride: This service is provided within the urban area during regular weekday and Saturday fixed route service hours. As of January 21, 2025, the service will be available until 8:00 p.m. Monday through Thursday and 9:30 p.m. on Fridays. Dial-A-Ride service is available only to seniors aged 65 and over and persons with disabilities. Dial-A-Ride is also Yuba-Sutter Transit's complimentary paratransit service as required under the Americans with Disabilities Act (ADA). Before COVID-19, Dial-A-Ride carried 59,093 passenger trips in FY 2019, but ridership dropped during the peak of the pandemic to just 17,556 trips in FY 2021 (down 70% from FY 2019) and the number of Dial-A-Ride service hours operated were also cut by 31% due to reduced demand. The local Dial-A-Ride service now accounts for approximately 26% percent of the operation. Through the first half of FY 2025, Dial-A-Ride ridership is up 85% over the same period in FY 2021.

Commuter Services: Before the pandemic, approximately 15 percent of the operation was provided as peak hour weekday commuter service between Marysville/Yuba City and downtown Sacramento. At the time, the Sacramento commuter service provided ten morning and ten afternoon peak hour schedules with another three midday schedules. Due to the pandemic induced loss in ridership, peak hour commuter service was reduced to seven morning and seven afternoon trips in 2020, and further reduced to six peak trips each way and two midday roundtrips in November 2023. The midday schedules are used by many daily or occasional commuters, but they are also popular with those traveling to and from Sacramento for medical, education and other non-work purposes. These Sacramento services are provided with a fleet of 11 specially equipped, 57 seat tour-style buses.

Sacramento ridership plateaued at just under 160,000 annual passenger trips from FY 2011 through FY 2014 and then gradually declined to a ten year low of 130,627 boardings in FY 2017 due to a combination of factors including the move of many state offices out of downtown Sacramento, the lack of local population growth, stable and relatively low fuel prices, and service reliability challenges from an aging fleet of commuter buses. Sacramento ridership had since rebounded to 134,381 passenger trips in FY 2019 following the introduction of new commuter buses, new Highway 70 schedules, and other service adjustments in July 2019 to address capacity problems and persistent schedule adherence issues. Unfortunately, the Sacramento service was the most impacted by the pandemic as FY 2021 ridership dropped to just 20,003 passenger trips, down 85 percent from FY 2019. Even with the long-term closure of government offices and businesses in downtown Sacramento, ridership has begun to recover, increasing nearly 120% from the low in FY 2021 to FY 2024. As of the mid-point of FY 2025, ridership is still just 40% of FY 2020 levels but given significantly fewer service hours are being operated, the productivity of the service has recovered to approximately 64% of pre-pandemic.

Rural Services: Limited route deviation services to the Yuba County foothills and the Cities of Live Oak and Wheatland account for the remaining operations. The Foothill Route provides two round trips every Tuesday,

Wednesday, and Thursday between selected foothill communities from Brownsville to Marysville. The Live Oak Route provides two round trips each weekday into Yuba City and Marysville. The Wheatland Route offers one round trip each weekday to Marysville. The Live Oak and Wheatland Routes operate under a fully allocated cost reimbursement agreement with those cities since they are not members of the Authority. Ridership on these limited rural services has historically varied significantly from year to year, but they were also impacted by the pandemic as their combined ridership dropped to just 2,814 passenger trips in FY 2021 (down 60% from FY 2019). In FY 2024, combined rural service ridership recovered to 75% percent of pre-pandemic levels.

Administration and Finance

Yuba-Sutter Transit is governed by a Board of Directors composed of two elected representatives from each of the four member jurisdictions. The Authority currently operates with a 6-person staff including an Executive Director, Finance Manager, Planning Manager, 2 Program Analysts, and an Administrative Assistant. Starting in 1988, Yuba-Sutter Transit's staff also served as contract administrative staff to the Regional Waste Management Authority (RWMA) concurrent with their transit duties, but that shared staffing relationship ended in FY 2023. In July 2023, Yuba-Sutter Transit hired its first new Executive Director in 36 years, replacing the incumbent Keith Martin who retired after nearly 44 years of public service.

In the last full fiscal year 2024, Yuba-Sutter Transit's operating expenses (not including annual non-cash audit adjustments, depreciation, gain/loss on disposal, or compensated absences) were \$8.5 mil., with 72% accounted for in direct payments to the service contractor and another 16% in fuel and other direct operating expenses. For the fiscal year, the operating revenue mix was about 28% federal, 57% state and local (including Transportation Development Act funding), 11% passenger fares, and 4% miscellaneous income from special state grants, advertising, interest, and contract service payments.

The adopted FY 2025 operating budget of \$9.6 mil. is funded through a revenue mix of about 31% federal, 58% state and local, 10% projected in passenger fares, and 1% projected miscellaneous income and interest. The capital budget varies substantially from year to year (from less than \$1 million to over \$8 million in recent years) with funding derived from a mix of federal, state, and local sources depending on the project.

Major Projects

Facilities: Yuba-Sutter Transit relocated in May 1996 from an undersized, rented facility in Yuba City to its existing combined maintenance, operating, and administration facility (a remodeled former Seven-Up Bottling Company plant) at 2100 B Street in Marysville. This facility was remodeled and expanded again in 2011 to serve the site's projected ultimate maximum capacity of approximately 70 buses. Due to the 2018 adoption of state regulations requiring the purchase of only zero emission buses starting as early as 2026 and a state highway project that further restricts the current facility's expansion potential, Yuba-Sutter Transit conducted a state funded site selection planning process resulting in the purchase of a 19-acre site at 6035 Avondale Avenue in Linda. This site will be used to construct a replacement transit facility (Next Generation Transit Facility) for occupancy planned by the end of 2028. Approximately \$52 mil. has been secured to date for this estimated \$55 mil. project and the current focuses are on preliminary design, environmental clearance, and securing any additional necessary funding.

Yuba-Sutter Transit serves 285 designated (signed) bus stops including nine that are owned by the Sacramento Regional Transit District in or near downtown Sacramento. Among the local and rural Yuba-Sutter Transit bus stops, 54 bus stop shelters, and 132 bus stop benches/seats have been placed at high boarding locations and other key points. Of these, 32 shelters and 69 benches are owned and/or maintained by Lamar Advertising.

Except for five Wheatland owned shelters, the remaining units are owned by Yuba-Sutter Transit. The ad shelters and benches are provided at no cost to Yuba-Sutter Transit in exchange for the exclusive right to sell and place advertising on them while paying a small commission on the sale of each ad. In addition, 50 pole-mounted route information panels are located throughout the system and bike lockers are available at three of the five local commuter bus stops.

A Caltrans owned and operated park and ride lot opened on the northeast corner of Bogue Road and Highway 99 south of Yuba City in 1997 and expanded to the current 164 spaces in 2012 with federal and local funds obtained exclusively by Yuba-Sutter Transit. This facility site does have the capacity for further expansion when and if needed. Yuba County opened the McGowan Park & Ride Lot on Powerline Road at McGowan Parkway in 2008 and the Plumas Lake Park & Ride Lot on Feather River Boulevard east of Highway 70 in 2009. Both lots were sited and constructed by the county in coordination with Yuba-Sutter Transit. Project funding was provided through development impact fees collected by Yuba County from projects in both the North Arboga Study Area and the Plumas Lake Specific Plan and they are maintained with revenue provided through related local Community Service District assessments.

Vehicles: The current revenue vehicle fleet includes 22 local fixed route buses, 22 demand response buses and 11 specially equipped intercity commuter buses. The local fixed route buses are all modern, heavy-duty low-floor buses with seated capacities of 31 or 32 passengers. The demand response buses are on cutaway van chassis with a seated capacity of up to 16 passengers. Primarily used for the Dial-A-Ride service, these small buses are also used on rural routes and to back-up the local fixed route fleet. The commuter buses are all high-floor, tour-style buses with a seated capacity of 57 passengers. Six replacement demand response buses are now on order for delivery later this year, but the next major fleet replacement project is not scheduled until 2025.

Service Planning: Yuba-Sutter Transit has faced many of the same issues that most U.S. transit agencies (large and small) have faced over the last eight to ten years from steadily declining ridership in the five years leading up to the COVID-19 pandemic, to the ridership collapse in FY 2020 and FY 2021. While it's bounced back significantly, systemwide ridership is still only about 62% of the pre-pandemic level and less than 45% of Yuba-Sutter Transit's peak in FY 2015, as travel patterns are much different than five, and certainly a decade ago. In response, the Board of Directors commissioned the development of the NextGen Transit Plan (Plan), the implementation of which, over the next four years, will result in a system designed to better meet the travel needs of the community while the agency adjusts to meet the state-mandated shift to zero-emission vehicles.

The Plan's recommended service and fare initiatives are broken into four phases and implementation is already underway. The adopted FY 2024 budget included funding for the recruitment of new staff, the selection of new technology, and the initiation of the environmental and design stages of the new transit facility. Other actions approved in July and September 2024, respectively, were making the pandemic-related Route 2 weekday schedule reductions permanent and further consolidation of the Sacramento service to reflect current ridership.

As originally adopted, the Plan's second phase (FY 2025) included implementation of an on-demand (microtransit) service in Yuba City, streamlining and rerouting of the crosstown Route 1 from west Yuba City to Yuba College in Linda, and elimination of local Routes 2 and 5. As ridership has continued to rebound significantly, that strategy of replacing fixed route with on-demand service became less operationally and financially viable, and an alternative was approved by the Board in December. The new implementation plan still includes later weekday evening service and elimination of the weekday evening Dial-A-Ride service (effective January 21, 2025), and fare increases effective with the sale of January monthly passes. In addition, the Board approved the launch of a smaller scale, complementary microtransit pilot program in Linda and Olivehurst and staff is currently working toward rollout of that service in Spring 2025.

The next phases of the current Plan are being reassessed and staff is expecting to bring a formal update for Board approval in conjunction with the development of the FY 2026 operating budget. Future phases of the current adopted Plan include recommendations for a new Highway 65 route to Lincoln/Roseville, on-demand service in Marysville and Linda to replace Routes 4 and 6, restructuring of Route 3 to directly serve the Peach Tree Clinic, comingling of the ADA/Dial-A-Ride service with the new on-demand system, and technology support for volunteer driver programs in Challenge and Dobbins. Depending on ridership, population growth, and funding constraints, future phases could include the expansion of the Highway 65 service and/or implementation of a Plumas Lake on-demand zone. During this same timeframe, construction is expected to begin on the new Next Generation Transit Facility and the process to purchase the agency's first zero-emission buses (all largely TIRCP grant funded) for delivery in late FY 2027 is expected to commence. Construction of the new transit facility is expected to be complete in early 2028 to support the operation of the new zero-emission vehicles.

Technology: Yuba-Sutter Transit has added various new technologies in recent years as cost/benefit ratios have improved. These include on-board video surveillance systems on all buses, the replacement of an obsolete mobile radio system, the installation and ongoing upgrade of video surveillance systems at three park and ride lots, the regional Connect Card electronic fare payment system, free passenger Wi-Fi service on all commuter and local fixed route buses, and a real-time bus tracking passenger information system with both visual and audio automatic bus stop announcements. Technology projects in progress include a computer aided dispatch software system for the on-demand services with an on-line trip reservation system and real-time passenger information, and a second-generation electronic fare payment system supported with a regional grant program.

Current and Future Issues

Until the COVID-19 pandemic, steady growth in federal transit funding, enhanced state transportation funding, special state greenhouse gas reduction funding programs, fare increases, and a conservative budgeting approach had all combined to establish a strong financial foundation. Due to the still ongoing impacts of the pandemic, that foundation is less certain for the foreseeable future with the exhaustion of federal COVID relief funding and the apparent budget deficits that may affect state funding levels in the future. The most immediate question for 2025 and beyond is how ridership and fare revenues will respond to the strategic service adjustments and operational approaches implemented in response to the public's evolving travel needs.

As noted earlier, the most immediate organizational challenge results from the 2018 California Air Resources Board (CARB) mandate that all heavy-duty public transit fleets be converted to zero-emission buses (ZEBs) by 2040. For agencies like Yuba-Sutter Transit with a fleet of under 100 buses, the Innovative Clean Transit (ICT) regulation requires that at least 25 percent of all buses purchased be powered by either battery electric or hydrogen fuel cell systems beginning in 2026. All transit agencies, regardless of fleet size, will be required to purchase only ZEBs starting in 2029. While this regulation will significantly increase the cost of buses, the greater impact to Yuba-Sutter Transit is the need to replace the current operating and maintenance facility within the next seven or eight years in part to accommodate the infrastructure to support the large-scale conversion to zero-emission buses.

Beyond these immediate issues, the ability to meet the anticipated demand for transit services both effectively and efficiently in the future will be a challenge as the approved or planned large scale developments in Yuba and Sutter Counties are largely in areas where public transportation is mostly non-existent. The potential demand for services of every kind stemming from these projects will severely stretch what in most cases is still just a minimal level of service. To compound the problem, except for the fees that are being collected by Yuba County for the development and operation of their two park and ride lots, routine impact fees have not otherwise been required from new developments for the capital and operating revenue necessary to serve those

developments which will result in even more pressure on the limited available local transit funding sources.

Plumas Lake and Sutter Pointe are two examples of this challenge because of their size and locations well outside of the existing transit service area; their low density, single-family residential nature; and their primary market being out-of-area commuters. Many of those attracted by the lower cost of living and proximity to employment centers in the mid-valley, will be commuting to work in Placer, Sacramento, and Yolo Counties and beyond. In addition to these developments, thousands of new homes along with many hundreds of thousands of square feet of new commercial projects have either been approved or are under consideration across the region. Even recent projects such as Yuba College's Sutter County Center or the Hard Rock Hotel & Casino Sacramento at Fire Mountain present significant operational and financial challenges because of the placement of these obvious trip generators far from any existing service with no additional funding to support any related service expansion.

Even without population growth, the demand for specialized services for seniors and persons with disabilities is expected to grow significantly according to all population projections. Also, specialized services that are now provided through the Alta California Regional Center for the developmentally disabled are limited and Yuba-Sutter Transit's own Dial-A-Ride service was already operating at or near capacity levels during peak periods.

Summary

After five years of steady decline between FY 2015 and FY 2020, systemwide ridership fully cratered to a 25 year low in FY 2021 due almost exclusively to the COVID-19 pandemic. While ridership has since recovered significantly through the first half of FY 2025, it remains well below the pre-pandemic level of FY 2019. Given continued work-at-home policies by the State of California and others; the embracing of remote or hybrid work as a long-term employment and education model; and the ever-increasing use of virtual health care and home goods delivery; there is no way of knowing when or even if ridership will return to anything approaching pre-pandemic levels. It is possible that this question may not be fully answered for several years at best.

While 25 years of extraordinary ridership growth from 1990 to 2015 and a historically conservative fiscal and operational approach has allowed Yuba-Sutter Transit to weather the pandemic better than many other systems to-date, accelerating the current ridership growth trends and positioning the agency for the future including the provision of a new facility will be the focus of the organization over the next five years. Despite the challenges, Yuba-Sutter Transit still operates among the widest range of services, at what is still among the lowest cost per vehicle service hour compared to other urban systems in California. However, the mix and level of these services must continually be evaluated in response to both demonstrated passenger demand as well as ever-changing federal, state, and local funding and policy priorities and mandates.

Attachments

- 1) Yuba-Sutter Transit Ten-Year System Fact Sheet (Revised January 2025)
- 2) Summary of Key Events (Revised January 2025)