

AGENDA ITEM 2 B  
Action Item

**MEMORANDUM**

**DATE:** October 1, 2020  
**TO:** El Dorado County Transit Authority  
**FROM:** Matthew Mauk, Executive Director  
**SUBJECT:** South Lake Tahoe Express Commuter Service

**REQUESTED ACTION:**  
**BY MOTION,**

- 1. Receive and File a Service Analysis Report from LSC Transportation Consultants on an Express Commuter Service to South Lake Tahoe**
- 2. Direct the Executive Director to Finalize an Implementation Plan and Establish Fare Collection Tools for an Express Commuter Service to South Lake Tahoe in Partnership with the Capital Corridor Joint Powers Authority (CCJPA)**
- 3. Direct the Executive Director to Finalize a Draft Memorandum of Understanding with the CCJPA for Board Review and Approval at a Future Board Meeting**

**BACKGROUND**

California Senate Bill 742 was passed in 2019 and amended SEC. 2. Section 14035.55 of the Government Code authorizing the State's three (3) State-supported intercity passenger rail lines to sell tickets for connecting motor coach service only. As enacted, the law requires the intercity rail authorities that operate feeder bus service to consult with public transit operators to determine if an operator can provide the planned service and to avoid conflicts with existing public transit service. The El Dorado County Transit Authority (El Dorado Transit) currently provides commuter service from Placerville to Sacramento along the same corridor used by the region's intercity thruway bus network connecting to the passenger trains operating out of the Sacramento Valley Station in downtown Sacramento.

The Capital Corridor Joint Powers Authority (CCJPA) currently contracts with Amtrak which in turn uses a contractor to operate one (1) round trip bus per day between the Sacramento Valley Station and the City of South Lake Tahoe. The CCJPA contacted El Dorado Transit in July 2020 to discuss the potential of partnering under a multi-year Memorandum of Understanding (MOU) for El Dorado Transit to assume operation of the Sacramento to South Lake Tahoe daily service.

The adopted Western El Dorado County 2019 Short- and Long-Range Transit Plan (SRTP) contemplates partnerships with other regional transit services of the type described above stating the following:

“With growth in both western El Dorado County and eastern Sacramento County, the coming years will see an increasing need for transit service over the El Dorado county line. El Dorado Transit and the El Dorado County Transportation Commission (EDCTC) should continue to be active partners with other transit services in matters of regional fares, financing, and service planning. This includes services in the Sacramento region as well as the Tahoe Transportation District (TTD) in the eastern portion of the county.

With respect to service to Lake Tahoe, El Dorado Transit should be willing to work with the TTD or other regional transportation operators in establishing a regional public transit connection between Sacramento and South Lake Tahoe over the long term. El Dorado Transit should be open to allowing the use of El Dorado Transit resources such as Park and Ride lots and available vehicles for such a service.”

## **DISCUSSION**

In evaluating the potential of partnering with the CCJPA on a Sacramento to South Lake Tahoe daily service, El Dorado Transit staff consulted the EDCTC, the Tahoe Regional Planning Agency, TTD, and LSC Transportation Consultants, Inc. (LSC). Under an existing professional services agreement with El Dorado Transit and building on their previous work on the 2019 SRTP, LSC staff prepared the attached Tahoe Service Analysis for Board consideration.

The COVID-19 pandemic has significantly impacted El Dorado Transit’s commuter services in particular. In response to an abrupt slowdown in commuter demand in March 2020, El Dorado Transit reduced the commuter services from eleven (11) to four (4) buses in the morning and afternoon running on their typical holiday schedule. Consequently, El Dorado Transit has over-the-road coaches available that would be appropriately suited for a Sacramento to South Lake Tahoe intercity service.

Staff for LSC will present a synopsis of their Tahoe Service Analysis and will be available to answer questions from the Board and the public at the meeting. El Dorado Transit staff will also be prepared to discuss next steps and a potential timeline for implementation, should the Board choose to proceed.

## **FISCAL IMPACT**

As detailed in the attached Tahoe Service Analysis, operating subsidy is operating costs minus fare revenue. The CCJPA has proposed a 50/50 split of the total operating subsidy in draft MOU language. Under such an arrangement, El Dorado Transit would retain the full fare revenues collected and its operating subsidy share would be half of the remaining net cost of the service.

Over the last half of FY 2020-21 (January 2021 – June 2021), El Dorado Transit can expect an estimated \$58,455 subsidy requirement. If ridership returns to pre-COVID levels by the third calendar year (January 2023 – December 2023) of the proposed contract, there will be no operating subsidy required as service would “break even”, and ridership in excess of this level would return a net positive income. However, as El Dorado Transit operates on fiscal years, El Dorado Transit would still need to pay an estimated \$16,350 to operate the Tahoe service in FY 2022-23. After three full years, it is anticipated that the Tahoe Service will no longer require an operating subsidy.

El Dorado Transit staff will be prepared to discuss the feasibility and funding options for the proposed service with respect to the adopted FY 2020/21 Operating Budget at the meeting, if necessary.



## TRANSPORTATION PLANNING AND TRAFFIC ENGINEERING CONSULTANTS

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September 22, 2020

Matt Mauk, Executive Director  
El Dorado County Transit Authority  
6565 Commerce Way  
Diamond Springs, CA 95619

RE: EDCTA Tahoe Service Analysis

Dear Mr. Mauk:

Per your request, LSC has conducted a focused analysis on the potential of the El Dorado Transit Authority (EDCTA) entering into a Memorandum of Understanding (MOU) with the Capital Corridor Joint Powers Authority (CCJPA) to assume EDCTA operation of the Sacramento – South Lake Tahoe daily service. This letter discusses the costs and operational impacts of operating this service.

Currently, CCJPA contracts with Amtrak which uses a contractor (All West) to operate one round trip per day of Thruway bus service between the Sacramento Valley Station in downtown Sacramento and the City of South Lake Tahoe. Service travels as far as the Kingsbury Transit Center (one mile east of the Nevada/California border) on weekdays and as far as the South Y Transit Center in the western portion of South Lake Tahoe on weekends. One mid-way stop is made in Placerville in each direction. Service is offered seven days a week, 365 days a year.

### Potential EDCTA Operating Plan

If EDCTA were to operate this service, a reasonable plan would be to operate between the Sacramento Valley Station and the Stateline Transit Center in South Lake Tahoe with stops at Placerville Station and the South Lake Tahoe Y Transit Center, 365 days a year, 7 days a week. An example schedule is presented in Table 1.

The Stateline Transit Center is located in Heavenly Village and within a short walking distance of numerous lodging and shopping options (including all the major casino properties). Providing service as far as the Stateline Transit Center on a regular basis will allow passengers to walk to hotels or the ski lift from the bus stop. Terminating service at the South Lake Tahoe Y Transit

<b>TABLE 1: Example Sacramento -- Tahoe Bus Schedule</b>			
		<b>Weekday</b>	<b>Weekend &amp; Holiday</b>
<b>EASTBOUND</b>			
<i>Termination of Commuter # 11 in Sac</i>		9:15	--
Sacramento Valley Station	Dep	9:45	11:15
Placerville	Dep	10:45	12:15
South Lake Tahoe Y	Dep	12:05	1:35
South Lake Tahoe - Heavenly Village	Arr	12:15	1:45
<b>WESTBOUND</b>			
South Lake Tahoe - Heavenly Village	Dep	2:15	2:30
South Lake Tahoe Y	Dep	2:30	2:45
Placerville	Dep	3:50	4:05
Sacramento Valley Station	Arr	5:10	5:25
<i>Start of Commuter #11 in Sac</i>		6:00	--

Center would require that many passengers transfer to a local bus to reach their final destination and would not be as attractive to new visitor travelers or residents of western El Dorado County.

To minimize deadhead travel, the proposed Tahoe service could be operated using Sacramento Commuter buses on weekdays. For example, after a Sacramento Commuter morning route bus drops off the last passenger in downtown Sacramento, the bus would travel to the Sacramento Valley Station to begin the Tahoe service. After the return trip to Sacramento Valley Station from Tahoe, the commuter bus would begin the afternoon commuter route to Placerville. In order to avoid limits on how long an operator can drive, this will require a driver change in Placerville on weekdays.

One roundtrip from the Sacramento Valley Station to the Stateline Transit Center takes around 6 vehicle service hours including a lunch break layover in South Lake Tahoe. This equates to a total of roughly 2,140 vehicle service hours and 86,650 vehicle service miles annually.

Operating Subsidy Estimates

*Operating Costs*

An operating cost allocation model was developed to estimate operating costs for the Tahoe Service over a three year period. First, the Fiscal Year (FY) 2019-20 EDCTA budget line item expenses were allocated into three categories—vehicle-hour, vehicle-mile, or fixed—depending

upon the service parameter that most directly generates the cost item. For example, fuel costs are allocated to vehicle-miles. Personnel costs were allocated between the three categories based on the proportion of total salary attributable to each parameter. This equation allows for an accurate estimation of costs associated with specific services. Operating costs for the MOU period were developed by adjusting the FY 2019-20 cost model for inflation. The growth of the Consumer Price Index for the San Francisco region between June 2019 and June 2020 or 1.6 percent annually was assumed. This results in hourly rates of \$171.54 in FY 2020-21, \$172.88 in FY 2021-22 and \$174.71 in FY 2022-23. Note that these costs include all marginal costs (vehicle-hour and vehicle-mile related costs, including marketing and holiday pay) but exclude any allocation of fixed costs (such as transit facility costs or senior management time).

Table 2 presents operating cost estimates for the Tahoe Service for a three year period. Costs were first analyzed on a calendar year basis, assuming the start of service at the beginning of the 2021 calendar year on January 1st. As EDCTA's budget aligns with the fiscal year which begins on July 1 and ends on June 30<sup>th</sup>, EDCTA's operating subsidy share was converted to Fiscal Year figures (as shown at the bottom of each ridership scenario in Table 2). In FY 2020-21 annual operating costs will be on the order of \$367,090. This figure increases to \$373,880 annually by the third year. This cost estimate takes into account a couple factors: 1) a higher wage rate for drivers on holidays (2.5 times the normal rate) 2), \$5,000 in additional costs associated with traffic delays and road closures (as discussed below) and 3) \$10,000 in marketing and fare media implementation costs for the first year, \$7,000 in marketing and fare media costs in the second year and \$5,000 in marketing and fare media costs in the third year as the service catches on. It should be noted that annual recurring fare media costs may be higher depending on the type of fare media software acquired. (Fare media is discussed below as an operational issue). As EDCTA has a dispatcher in the office on weekends for existing services and maintenance is on-call, no additional administrative or maintenance staff time is assumed.

### *Ridership*

Prior to the COVID-19 outbreak, CCJPA projected that the Tahoe Service would carry around 15,000 one-way passenger trips in FY 2019-20. Actual ridership reports for the time period from September 2019 to August 2020 were made available to the consultant. However, at the time of this writing, data was unavailable for the one-way run from Tahoe to Sacramento on weekends, therefore, the Consultant assumed this ridership to be the same as ridership on the weekend service in the reverse direction. Under this assumption, the existing Tahoe Service carried 7,746 one-way passenger-trips over the prior 12 month period (part of which occurred during the pandemic).

Figure 1 presents seasonal ridership on the existing Amtrak Thruway Tahoe Service between September 2019 and August 2020. The winter months of December through February represent nearly half of the ridership for the 12 month period. The fall months of September to November represent the season of the second greatest ridership (32.2 percent of total); however, it should be noted that spring and summer occurred during the pandemic.

<b>Table 2: EDCTA Tahoe Thruway Service</b>			
<b>Three Year Cost Estimate</b>			
	<b>Year 1<sup>1</sup></b>	<b>Year 2</b>	<b>Year 3</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<u>Annual Service Levels</u>			
Vehicle Service Hours	2,140	2,140	2,140
Vehicle Service Miles	86,650	86,650	86,650
<b><u>No COVID Full Potential Ridership Scenario</u></b>			
Operating Costs	\$367,090	\$369,960	\$373,880
Hourly Rate	\$171.54	\$172.88	\$174.71
Ridership	12,310	12,310	12,310
Fare Revenues	\$380,625	\$380,625	\$380,625
Operating Subsidy	-\$13,535	-\$10,665	-\$6,745
EDCTA Subsidy Share	\$0	\$0	\$0
<i>Conversion to FY</i>	<i>FY 2020-21</i>	<i>FY 2021-22</i>	<i>FY 2022-23</i>
<b>EDCTA Subsidy Share</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>COVID Ridership Scenario</u></b>			
Operating Costs	\$367,090	\$369,960	\$373,880
Hourly Rate	\$171.54	\$172.88	\$174.71
Ridership	4,310	9,850	12,310
Fare Revenues	\$133,265	\$304,562	\$380,625
Operating Subsidy	\$233,825	\$65,398	-\$6,745
EDCTA Subsidy Share	\$116,912	\$32,699	\$0
<i>Conversion to FY</i>	<i>FY 2020-21</i>	<i>FY 2021-22</i>	<i>FY 2022-23</i>
<b>EDCTA Subsidy Share</b>	<b>\$58,456</b>	<b>\$74,806</b>	<b>\$16,350</b>
Note 1: Assuming start of service January 1, 2021			
Source: EDCTA and LSC			

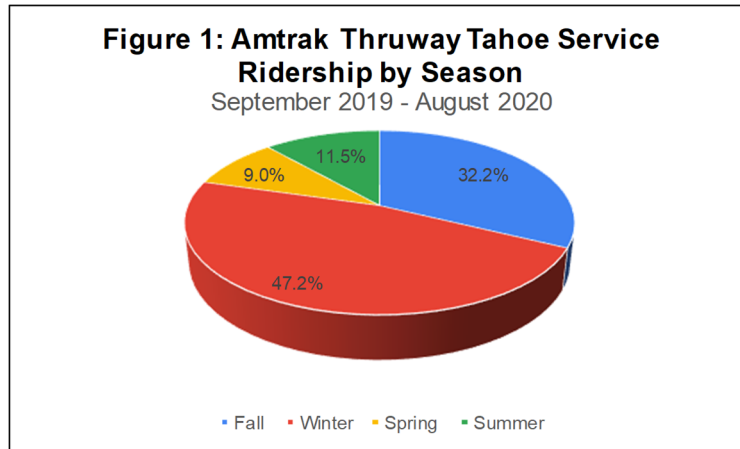
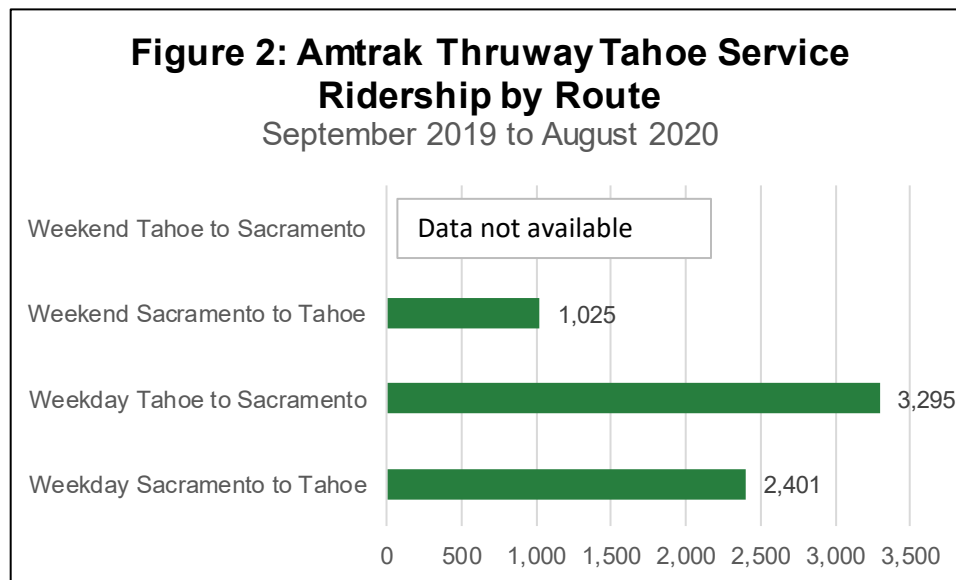


Figure 2 presents the data by day of week and direction. Given the available data, weekday service from Tahoe to Sacramento has greater ridership than weekday service in the other direction or service on weekends. It should be noted that weekend service does not currently travel as far as the Stateline Transit Center which could reduce the attractiveness of service on weekends.



In an effort to obtain an estimate of ridership prior to COVID-19 for a 12 month period, the Consultant multiplied average monthly ridership from September 2019 to February 2020 (pre-COVID) by 12. This equates to 12,310 one-way passenger trips. By comparison this is nearly 18 percent less than CCJPA’s ridership projection of 15,000 per year. To be conservative, it is assumed in this analysis that the full potential ridership of the Tahoe Service in three years (absent the impacts of COVID) is 12,310 trips per year.

Table 2 displays two scenarios: 1) Full potential ridership and operating subsidy requirements if COVID never happened and 2) Estimated ridership with the impact of COVID



Given that Lake Tahoe is a popular destination for visitors and assuming a vaccine is available, it is likely that the Tahoe Service will return to full potential ridership of 12,000 or even 15,000 trips per year over the next three years.

COVID-19 has significantly impacted all forms of transportation, particularly public transportation. Public transit services in dense urban areas with a high number of commuters such as Bay Area Rapid Transit (BART) have seen an 80-90 percent decrease in ridership during the pandemic. El Dorado Transit has seen a 69 percent drop in ridership systemwide. The company Transit app tracks the number of opens of their app as a rough proxy for public transit demand across cities where the app is used. They compare actual usage of the app, to projected use of the app based on last year's numbers (adjusted for annual growth) to measure how far they are from "normal." This data shows that on average for all cities using the app, transit demand has decreased by 64 percent from normal levels as of early September.

Ridership numbers (effected by COVID) from the Tahoe Service currently operated by Amtrak show a very similar decrease. August 2020 ridership is 65 percent lower than the average monthly ridership between September 2019 and February 2020. Therefore, ridership estimates for Year 1 in Table 1 for the COVID ridership scenario (4,310) represent a 65 percent decrease from full potential No COVID ridership of 12,310 trips per year. As shown in the table we expect that ridership will slowly return to full potential by the end of the three year period. Data available shows that monthly ridership on the existing Tahoe Service has rebounded 233 percent from a low of 97 in April to 323 in August already.

#### *Farebox Revenue*

Per the MOU, EDCTA will have the following fare structure for the Tahoe Service:

- Trips between Placerville and Tahoe - \$20
- Trips between Sacramento and Tahoe - \$34

CCJPA indicated that 78 percent of ridership travels between Sacramento and Tahoe. Applying this proportion to full potential ridership of 12,310 indicates an average fare of \$31. If desired, EDCTA could consider subsidizing trips between Placerville and South Lake Tahoe for El Dorado County residents by charging a lower fare for El Dorado Transit pass holders. This may have an added benefit of increasing ridership, and better serving El Dorado County residents.

#### *Operating Subsidy*

Operating subsidy is operating costs minus fare revenue. Table 2 presents the projected annual operating subsidy for the Tahoe Service over a three year period. The EDCTA subsidy share represents half of the total subsidy as outlined in the MOU. Over the last half of FY 2020-21 (January 2021 – June 2021), EDCTA can expect around a \$58,455 subsidy requirement. Assuming that ridership returns to pre-COVID levels by the third **calendar year** (January 2023 –

December 2023) of the contract, there will be no operating subsidy required. In fact, at roughly 11,870 riders per year, the transit service would “break even”, and ridership in excess of this level would return a net positive income. However, as EDCTA operates on **fiscal years**, EDCTA would still need to pay \$16,350 to operate the Tahoe service in FY 2022-23 (July 2022 – June 2023). In the following FY 2023-24, EDCTA operating subsidy will be zero. Bottom line is that after three full years, it is anticipated that the Tahoe Service will no longer require an operating subsidy.

### Review of Proposed Memorandum of Understanding (MOU)

LSC reviewed the draft MOU between EDCTA and CCJPA as a transportation consultant, not a legal consultant. LSC does not have any concerns or issues with the Draft MOU in terms of transit operations.

### Operational Challenges

The Tahoe Service would travel east on US 50 over Echo Summit through mountainous terrain to reach the resort area of South Lake Tahoe. This brings a number of operational challenges which should be discussed:

- **Weather impacts** – During a winter storm, it will be necessary to chain up EDCTA vehicles. It is also common for Echo Summit to close for periods of time due to snow, low visibility and accidents. If a closure occurs mid route, the bus may be required to layover in South Lake Tahoe for some amount of time, perhaps overnight.

EDCTA and CCJPA will need to agree upon policies and procedures in the event of road closures and excessive delays. Things to consider in developing these policies and procedures include:

- What level of roadway closure or delay will prompt cancelling the portion of the route between Placerville and South Lake Tahoe?
  - If serious storm conditions are forecast for the afternoon, will the morning run be cancelled?
  - How will route delay/cancellation information be distributed to ticketed passengers and potential passengers?
  - Do all parties need to be contacted if the route is cancelled?
  - Which EDCTA staff will be available to help with tracking road information and disseminating information to the public and appropriate parties?
- **Traffic impacts** – Traffic congestion is likely to occur along the Tahoe Service route both going over Echo Summit as well as between the South Y Transit Center and the Stateline Transit Center. This could delay the EDCTA Tahoe Service anywhere between 15 minutes to hours (particularly on Sundays in the westbound direction).

As such it is reasonable to assume an additional \$5,000 in operating costs to account for a longer service day due to weather and traffic impacts, potential overnight lodging for the operator and administrative staff time to assist with logistics. It would also be prudent to establish an agreement with a local South Lake Tahoe hotel in advance for EDCTA drivers lodging arrangements. This way, the driver would not be competing for lodging with all other stranded travelers in South Lake Tahoe.

- **Roadside Assistance** – In the event the EDCTA bus has a road call which renders the vehicle inoperable, EDCTA would need to tow the vehicle back to the EDCTA operations and maintenance facility in Diamond Springs. Additionally, a spare bus would need to be dispatched to continue the route. Per the draft MOU, the cost of roadside assistance will be split between the two parties. As noted below, TTD would be able to assist with minor maintenance, if the bus is located within the TTD service area.
- **Layover** – The schedule in Table 1 includes a 1.75 hour layover in South Lake Tahoe on weekdays and a 45 minute layover on weekends. During this time, the driver will need access to a restroom and a location to take a break. There is a restroom available at the Stateline Transit Center, but TTD staff have warned that there is no space to park the EDCTA bus at the Stateline Transit Center for an extended period of time. All West, the current contractor, has parked in vacant lots in town. Harrah’s Casino and the Hard Rock Casino also rent out their back lots to bus operators.
- **Fueling** – There are several locations which offer cardlock fueling in South Lake Tahoe, including Flyers located on James Avenue behind Smart and Final and Chevron at Ski Run and US 50. These fueling stations can sometimes be congested.
- **Ticketing** – A significant yet not insurmountable operational challenge will be how tickets are sold and revenue is collected. For the previous service, passengers were able to purchase tickets through the Amtrak website or other outlets. Under the proposed arrangement, this will no longer occur and EDCTA (or EDCTA and CCJPA) will need to establish a ticketing system and process. Various options should be considered:
  - Electronic Fare Payment Systems – Including the Tahoe Service on the Connect Card system would be beneficial for Sacramento area residents and existing Connect Card transit passengers. The Clipper Card is a similar type of payment system used in the Bay Area which could also potentially be connected to the new Tahoe Service.
  - On-line Ticket Purchase - Many passengers will want to purchase tickets on-line on their computer or mobile device. Currently, EDCTA offers the purchase of monthly passes through their website using PayPal. EDCTA could add the Tahoe Service as an option. EDCTA will then need to develop some sort of paper ticket which is mailed to the passenger and/or email confirmation which can be presented to the driver when boarding the bus.

- Cash and Same-day Purchase – Not all passengers have credit cards or Pay Pal accounts; therefore, options for purchasing tickets with cash should be available. EDCTA should have a list of retail outlets where tickets can be purchased. At a minimum: the Stateline Transit Center in South Lake Tahoe, Sacramento Valley Station and in Placerville. EDCTA will need to develop a cash handling agreement with the retail outlets. Currently the Stateline Transit Center is not staffed. Prior to COVID, Lake Tahoe Visitors Authority (LTVA) maintained an office here. It is possible that after a COVID vaccine is available, LTVA staff will return to this office and be able to assist with ticket selling. It will also need to be determined if the driver can accept cash for rides, as long as exact change is provided. TTD does not wish to handle cash at the South Y Transit Center either.
- Reservation System – In the event that demand for service exceeds vehicle capacity, particularly during COVID times, EDCTA could consider developing a reservation system. YARTS is a good example of an intercity bus service with a reservation system.
- **Insurance** – Another consideration is vehicle insurance. EDCTA will need to determine if the Tahoe Service will increase insurance premiums.
- **Marketing** – Marketing will be crucial to the success of the service and could increase the benefit of the service to El Dorado County residents. A separate marketing budget should be allocated for the Tahoe Service with a greater amount of money available during the first few years of service, on the order of \$10,000 in Year 1. In addition to EDCTA's normal marketing channels, marketing should be expanded to the greater Sacramento region. Per the MOU, EDCTA and CCJPA will cooperate to develop a marketing program but each party is responsible for funding their own marketing efforts and disseminating information through their respective marketing channels.

#### Coordination with Tahoe Transportation District

Tahoe Transportation District (TTD) operates the public transit service in South Shore, including Route 50 and 55 along the US 50 corridor in South Lake Tahoe. Route 50 travels along US 50 between the South Y Transit Center and the Stateline Transit Center with a small detour to Lake Tahoe Community College. Frequency ranges from hourly to every 20 minutes. Route 55 operates on hourly headways, mostly on US 50, between the South Y Transit Center and the Kingsbury Transit Center with stops at Lake Tahoe Community College and the Stateline Transit Center. This route serves more of the neighborhoods in South Lake Tahoe. TTD staff were contacted for both operational advice and opportunities to coordinate.

TTD supports EDCTA operating the Tahoe Service but is unable to provide any financial assistance. TTD may be able to provide minor maintenance assistance such as fluid top off within the TTD service area. TTD staff suggested that EDCTA drivers be equipped with the ability

to purchase small parts at a local auto shop if required, as TTD may not have the exact part or sufficient supply. Any maintenance assistance would need to be defined in an agreement between TTD and EDCTA. TTD staff are no longer handling cash; therefore, EDCTA would need to look to other retail outlets for assisting with ticket sales.

The Stateline Transit Center is owned by the City of South Lake Tahoe and therefore, EDCTA will need to obtain a right of entry agreement from the City which designates which bay EDCTA can park in to load/unload passengers. Drivers should carry a copy of the agreement with them in case unauthorized users are present. TTD staff cautioned EDCTA that the Stateline Transit Center can be a hectic location because it is not actively managed. In addition to TTD buses, there are Heavenly Ski Resort vehicles and Transportation Network Company (TNC) vehicles. One bay is reserved for use by a private penthouse and the commercial loading zone is used for snow storage.

### Recommendation

The following summarizes the pros and cons of providing service to South Lake Tahoe:

#### Benefits

- Service to South Lake Tahoe has long been a request of El Dorado County residents in both the east and west sides of the county. The MOU with CCJPA provides EDCTA with an opportunity to share the cost of the service with other regional transportation partners while meeting transit needs requests. It also provides an opportunity to gauge the level of potential ridership and benefit to El Dorado County residents.
- Providing alternative transportation to a popular resort area is in line with state climate change goals.
- Historical ridership has shown that there is the potential for this service to operate with no operating subsidy required.

#### Disadvantages

- Operational challenges discussed such as weather and traffic impacts will disrupt service on occasion and add to administrative staff time.
- Some EDCTA staff time will be required upfront of the project to determine the best ticketing methods and market the service.
- Unfortunately, COVID-19 has significantly reduced ridership on all public transit including the existing Tahoe Service. Therefore, it is estimated that the service will require an annual operating subsidy of around \$58,455 for the second half of FY 20-21

(assuming service begins halfway through the fiscal year on January 1, 2021) and \$74,805 for the entire FY 2021-22. Assuming a rebound in ridership after a vaccine is widely available, the need for a subsidy could be eliminated.

- There is a large degree of uncertainty in forecasting public transit ridership at this time. In reality, nobody knows if and when public transit will return to pre-COVID levels.

During its first year of operation, the Tahoe Service will require a significant operating subsidy. Year 1 EDCTA's operating subsidy share for the Tahoe Service is less than 1 percent of the FY 20-21 operating budget. After three full years, this service is likely to pay for itself. It is also possible that a part of the Tahoe Service could be subsidized with grants such as Federal Transit Administration (FTA) 5311(f) Rural Transit and Intercity Bus or a California Low Carbon Transit Operations Program (LCTOP). If additional CARES Act funding is available, subsidizing the Tahoe service could be a good use of these funds. The MOU with CCJPA is a good opportunity to address a long-time transit need in El Dorado County with reduced financial responsibility. Data shows that the service has the potential to not be a strain on EDCTA's operating budget. However, there is little data available and future ridership trends are unknown. Therefore, it will be important to reevaluate the feasibility of the Tahoe Service each year, and to communicate to the public that this is a demonstration service that may only remain with sufficient ridership.

Overall, it is LSC's recommendation to enter into the MOU to provide service between the Sacramento Valley Station and South Lake Tahoe as a demonstration project. If ridership does not meet full potential ridership as noted in Table 1 by Year 3, EDCTA should consider discontinuing the MOU.