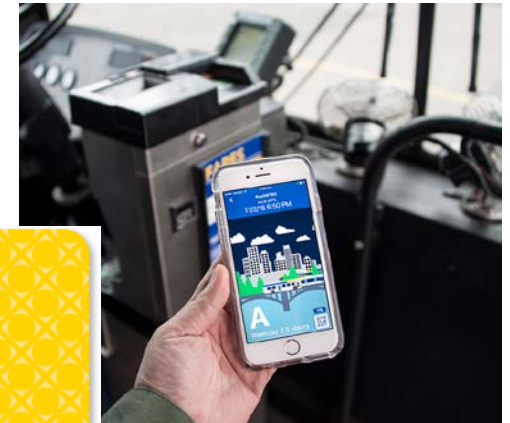


Regional Fare Change Overview

Nick Eull
*Senior Manager of
Revenue Operations
Metro Transit*



Today's Presentation

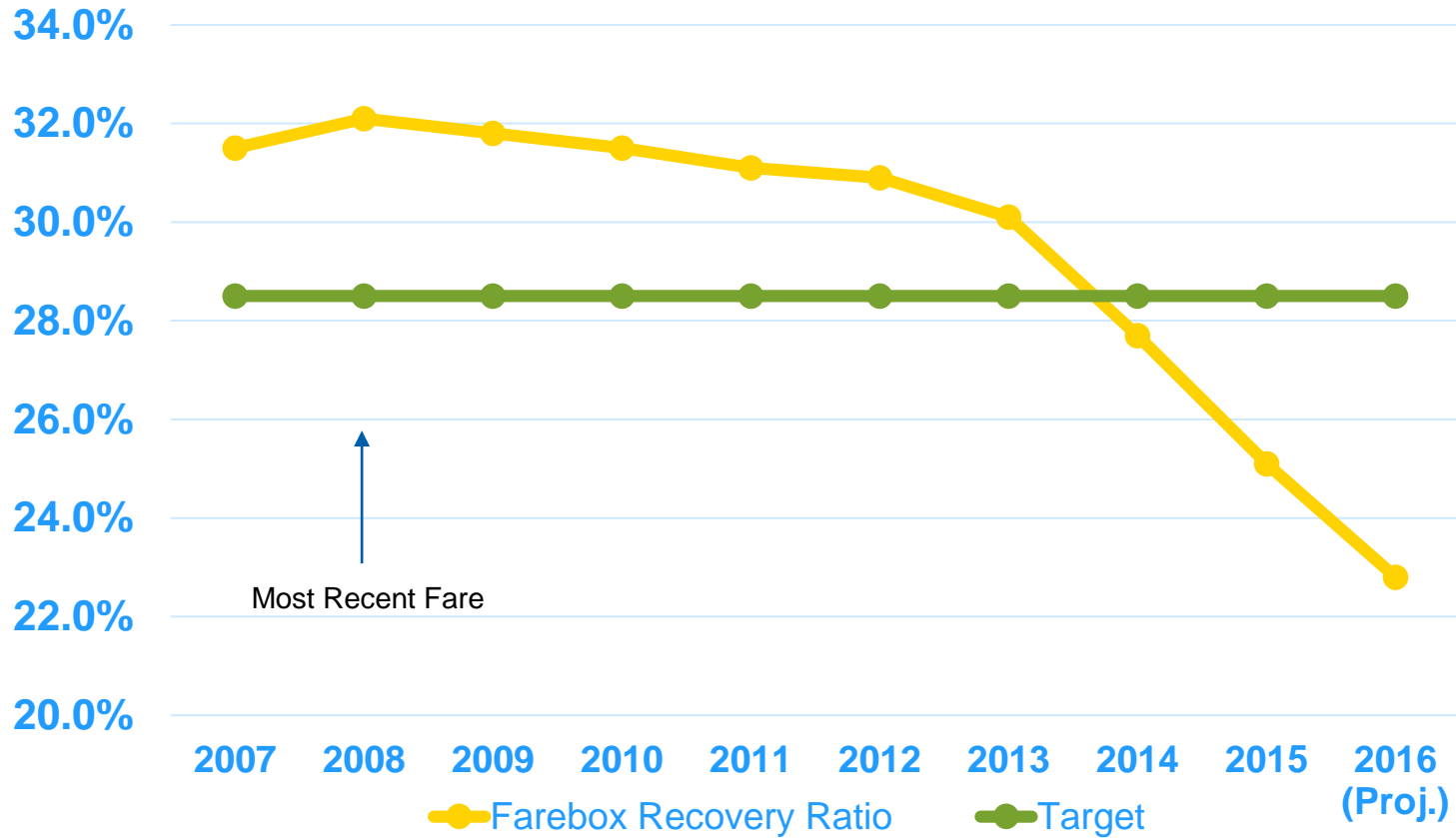
- Fare change goals and considerations
- Public engagement overview
- Next steps



Total Projected Transportation Deficit State Fiscal Years 2018-19

	Nov 16 SFY 18-19	Feb 17 SFY 18-19
MVST Downturn (SFY 2016 – 2019)	\$43	\$34
Metro Mobility Growth	24	24
Certificates of Participation	9	9
Other (inflationary pressures)	13	7
Total Projected Deficit	\$89	\$74

Bus Farebox Recovery History



2017 Fare Change

- Goals
 - **Generate Additional Fare Revenues** – Increase revenues across all modes and service (Metro Transit, regional and contract service, Metro Mobility and Transit Link) while minimizing any ridership impacts
 - **Promote Equity** – Price fares so that they account for an equitable portion of operating costs and reflect the ability of customers to pay
 - **Simplify** – Make the fare structure easier to use and understand
- Success Factors
 - Ensure all residents and communities are partners in the decision making process
 - Generate sufficient revenues to off-set the need for service cuts
 - Find ways to mitigate the impact of increased fares on those that are most transit reliant
 - Simplify the “how to pay” question

Overview of Primary Scenarios

- Scenario 1 increases fares \$0.25 at all fare levels with a similar increase to pass prices
- Scenario 2 increases fares \$0.50 at all fare levels with a similar increase to pass prices
- Limited Mobility* and reduced fares** base increases by \$0.25 (to \$1) in all scenarios
- Northstar fares increase at the same value as the express fare

*Limited Mobility requires certification based on a qualifying disability

**Reduced fares = 65 yrs.+, 6-12 yrs., Medicare card holders

	Off Peak Local	Peak Local	Off Peak Express	Peak Express
Current	\$1.75	\$2.25	\$2.25	\$3.00
Scenario 1	\$2.00	\$2.50	\$2.50	\$3.25
Scenario 2	\$2.25	\$2.75	\$2.75	\$3.50

Scenario 1 Preliminary Analysis

- Fares increase of \$0.25 for all fare levels with a similar increase to pass prices

All numbers are first year estimates	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
Estimated Regional Impact	(3.8M)	(-4.7%)	\$6.9M

- Scenario is consistent with previous two fare increases (2005, 2008)
- Larger impact to Metro Transit given smaller relative increase to express fares
 - About 80% of suburban transit provider service is express service vs. 10% for Metro Transit
- Over 90% of all cash usage is in local fare sets
- Estimated 18-24 months to recover lost ridership

Scenario 2 Preliminary Analysis

- Fares increase of \$0.50 for all fare levels

All numbers are first year estimates	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
Estimated Regional Impact	(7.1M)	(-8.9%)	\$12.8M

- \$5.9 million in additional revenues gained over scenario one with 3.3 million additional rides lost
- Estimated 334k additional rides lost on express, 3M additional rides lost on local compared to scenario one
- Additional revenues could offset help offset revenue reductions from low income and other options

Other Options For All Scenarios

- Eliminate peak surcharge for seniors (65+), youth (6-12), and Medicare card holders
 - Simplify and make the fares easier to understand
- Eliminate the off-peak express fare (one express fare)
- Eliminate stored value bonus
- Make the Transit Assistance Pass (TAP) low income program permanent

Additional Fare Policy Considerations

- Eliminate Go-To stored value bonus (10%)
 - About \$1.9M in bonus value added in 2016
 - Allows Metro Mobility and Transit Link to charge full cash fare for Go-To users
 - Could result in about \$1.8M in increased revenues
- Elimination of peak surcharge for seniors, youth and Medicare card holders
 - Helps off-set a proposed increase in peak fares, elimination of off-peak express fare set (scenario 2 & 3)
 - Minimal impact expected with any shift in riders to peak hours w/reduced fare
 - Estimated **\$665k** reduction in revenues

Establish Permanent Transit Assistance Pass (TAP) program

- Approximately one month remaining in current pilot test
- Pilot test analysis indicates positive reaction of participants:
 - Usage rates near or higher than other customer programs such as Upass or Metropass
 - Users averaged 32 rides per card in February
 - Majority of rides occur during off peak hours, urban local routes
 - 90% overall use in local fare sets
 - Very little express use
 - Majority of revenues collected in fare set 1 (lower overall revenue impact)
 - Initial estimates of **\$3M** revenue reduction
 - Program assumes no additional Metro Transit administrative burden

Metro Mobility Fares Change Impacts

- Increased fares will reduce current ridership growth trends by an estimated 6% in first year

	2018	2019	Total
Number of Est. Rides Reduced	142,000	213,000	355,000
Subsidy Per Ride	\$26	\$26	\$26
Savings from Reduced Demand	\$3.70 Million	\$5.54 Million	\$9.23 Million

- Fare increase will generate between \$2.4 and \$3.6 million over two years

	Increase Amount	Additional Revenues		
		2018	2019	Total
Option 1	\$0.50	\$1.18 Million	\$1.22 Million	\$2.40 Million
Option 2	\$0.75	\$1.78 Million	\$1.83 Million	\$3.61 Million

- Combined savings and revenues of \$11.63M - \$12.84M over two years for Metro Mobility
- Fare incentive for transfers at select fixed route stations
- Distance surcharge for Non-ADA rides > 15 miles



Transit Link Fare Change Impacts

- Increased fares will reduce current ridership growth

	Option 1 (\$1.60 Increase)	Option 2 (\$1.85 Increase)
	2018-2019	2018-2019
Number of Est. Rides Reduced	32,610	97,826
Subsidy Per Ride	\$20	\$20
Savings from Reduced Demand	\$812K	\$1.63 M

- Fare increase will generate additional revenue

		Additional Revenues		
	Average Increase	2018	2019	Total
Option 1	\$1.60	\$496,000	\$522,000	\$1.02 Million
Option 2	\$1.85	\$543,000	\$573,000	\$1.12 Million

- Combined savings and revenues of \$1.85M - \$2.75M over two years
- Includes no acceptance of “all you can ride passes”
- Distance surcharge for rides > 15 miles

Northstar Fares

- Northstar fares increase at the same value as express fares (\$0.25 or \$0.50 based on scenarios 1 & 2)

Station	Current Weekday Fare	New Fare - Scenario 1	New Fare - Scenario 2
Big Lake	\$6.00	\$6.25	\$6.50
Elk River	\$4.50	\$4.75	\$5.00
Ramsey	\$3.50	\$3.75	\$4.00
Anoka	\$3.00	\$3.25	\$3.50
Coon Rapids-Riverdale	\$3.00	\$3.25	\$3.50
Fridley	\$3.00	\$3.25	\$3.50
Station-to-Station	\$3.00	\$3.25	\$3.50

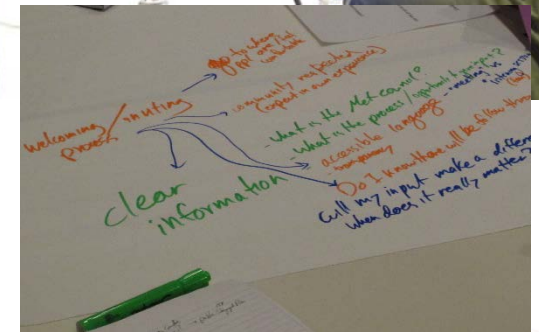
Title VI – What Is It?



- Ensures public participation in any major transit service changes or fare increases
- Requires analysis of fare impacts on low income and minority customers
- Ensures that changes do not cause a “disparate impact” on these groups
- Requires consideration of mitigations if changes may cause disparate impacts
- Not required for demand responsive service or ADA paratransit service

Public Input Process

- Formal meetings
 - Open house format
 - Receive public comment
 - Throughout region
- Pop-up meetings
 - Major transit hubs
 - During busy travel times
 - Less formal, still collect input
- Connect with community organizations
 - Existing partners, EAC



Fare Increase Schedule

- Committee of the Whole – April 5th
- TAAC – April 5th
- Public Meeting Approval
 - Transportation Committee – April 10th
 - Full Council – April 12th
- Public Meetings – Mid-April to June
- Fare Increase Approval – June/July
- Fare Increase – September 1st