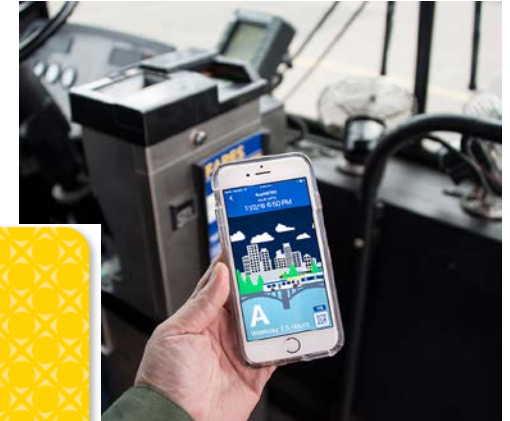


Regional Fare Change Update

Mary Bogie
Michelle Fure
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Committee of the Whole – July 12th, 2017

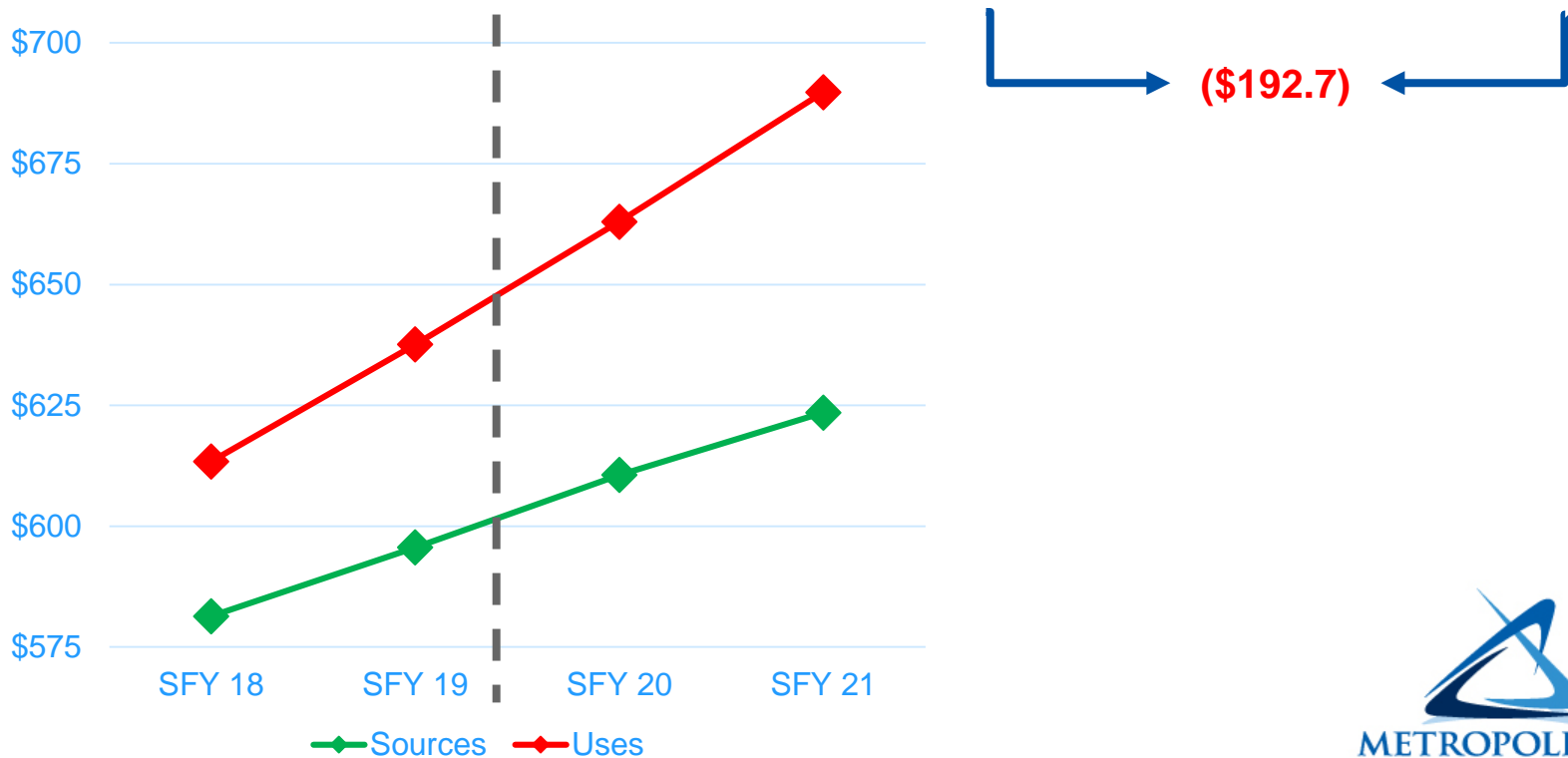
Today's Presentation

1. 2017 Legislative Session Financial Biennial Update
2. Public Comment Process Report
3. Fare Change Update
4. TAP Low Income Fare Program Update
5. Financial Summary

2017 Legislative Session Update

- \$192.7M regional transit deficit at the beginning of the 2017 legislative session

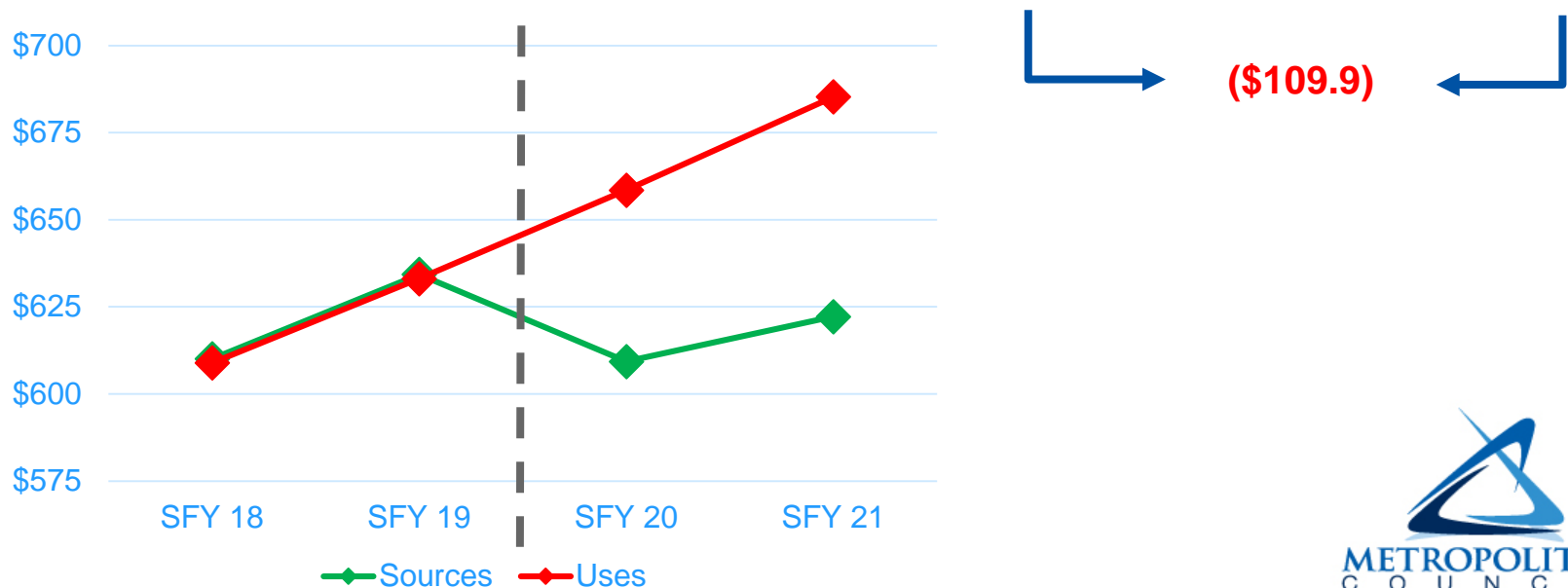
	SFY18	SFY19	18-19	SFY20	SFY21	20-21
Starting Session (Deficit)	(32.0)	(42.0)	(74.0)	(52.4)	(66.3)	(118.7)



2017 Legislative Session Update

- One-time funding reduced deficit to \$109.9M, but the legislature did not address structural deficit

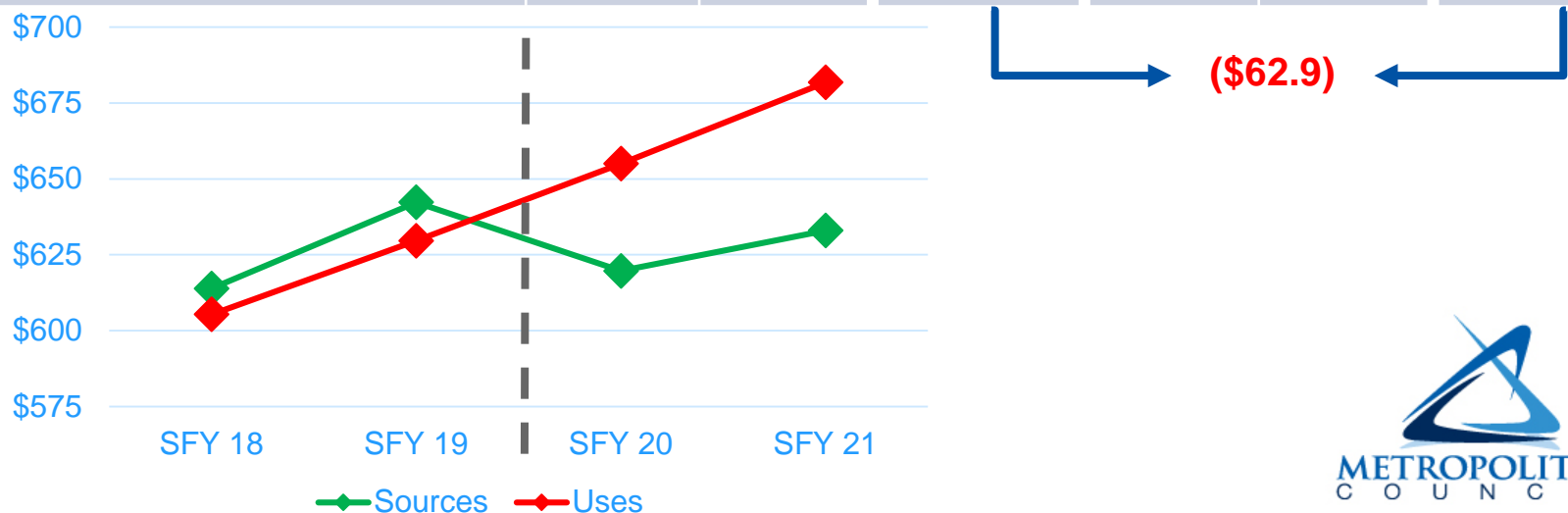
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One-Time Appropriations	30.0	40.0	70.0			
Red Line CTIB Subsidy	(1.3)	(1.3)	(2.6)	(1.3)	(1.3)	(2.6)
Certificates of Participation	4.5	4.5	9.0	4.5	4.5	9.0
Surplus (Deficit)	1.2	1.2	2.4	(49.2)	(63.1)	(112.3)



2017 Legislative Session Update

- Example: Council fare and service/administrative actions could reduce, but not resolve structural deficit

	SFY18	SFY19	18-19	SFY20	SFY21	20-21
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Certificates of Participation	4.5	4.5	9.0	4.5	4.5	9.0
Example Actions:						
Fare Increase	6.1	11.0	17.1	13.4	13.8	27.2
Low-Income Fare Program	(2.3)	(3.0)	(5.3)	(3.0)	(3.0)	(6.0)
Service/Admin Reductions	3.5	3.5	7.0	3.5	3.5	7.0
Surplus (Deficit)	8.5	12.7	21.2	(35.3)	(48.8)	(84.1)



Risks and Uncertainties

- Revenue Assumptions
 - Motor Vehicle Sales Tax revenues assumed to meet forecast
 - Future availability of State general fund appropriations
- Budget impact of Task Force/Reports
 - Metro Mobility
 - Metro area transit investment

Levers to Reduce Structural Deficit

- Increase Fare Revenues
- Service/Administrative Cost Reductions
- Next Legislative Session – Increase Transit Revenues
 - State General Fund Appropriation
 - Transit Sales Tax Proposal

Engagement Results - Overview

- More than 6,000 participants
 - Survey: 1,600
 - Postcards: 3,700
 - Emails: 600
 - In-person: 150
 - Other: 100
- 202 Communities
 - Feedback from communities throughout region
 - Statewide interest (and transit use)

Engagement Approaches

- Traditional meetings/hearings
 - Lower attendance
- Pop-up engagement, small-group conversations
 - Go where people are – meet them on their terms
 - Council members, staff
- Online survey, in-person calls to action
 - Boosted survey performance, public hearing attendance

Survey Results

- 1,600 participants
 - 99 metro-area communities
 - Non-metro participants about 1% - all ride transit
- All indicated some transit use
 - 78% daily
 - 10% once per week
 - Most respondents indicated multiple mode use
 - Highest: regular route = 77%, Light rail = 71%

Survey Results

- Average income - \$55,000 a year
- Nearly 50% between age 20 and 40
- About 39% identified as non-white
- 57% female

Feedback

- Overwhelming majority: against fare increase
 - Survey, emails, in-person feedback
- Raise fares, don't cut service
 - Also, expectations of improved service for higher fare
- Strong support for Transit Assistance Program
 - Nearly 96% of surveys support
 - Testimony and letters in opposition noted concern for low-income customers and need to support them

Feedback

- Metro Mobility customers – better service
 - Generally not in support of fare increase, but comments were more focused on service
- Regular route customers – more service (greater frequency, more routes)
- Concern about support for and success of transit system

Organizational Feedback

- No fare increase
 - East Metro Strong
 - Arc of Greater Twin Cities
 - TLC/Smart Trips (and thousands of members)
- Apply increase “equally” for local and express bus
 - MVTA – 25 cents
 - Dakota County – no position on amount of fare

Feedback – Policy Questions

- Small number (about 50)
- General support for:
 - One reduced fare for seniors, youth, Medicare card holders
 - Eliminating off-peak express fare category
- Generally against:
 - Eliminating stored value bonus
 - Increasing downtown zone fares
 - Eliminating discount for transit schools program
 - Adding distance surcharge for non-mandated Metro Mobility trips longer than 15 miles
 - Increasing pass prices

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

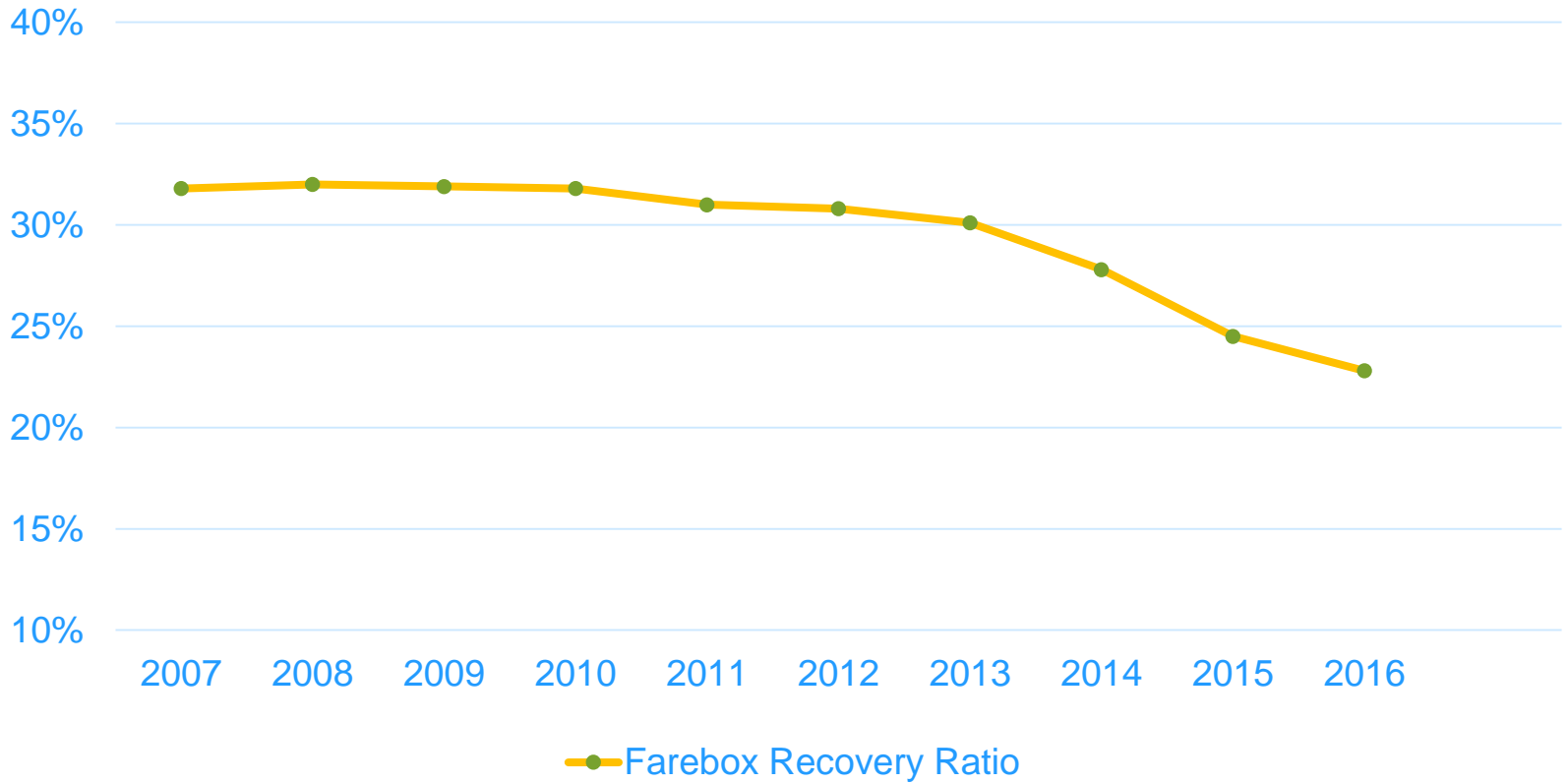
Success Factors Include:

- Ensure all residents and communities are partners in the decision making process
- Find ways to mitigate the impact of increased fares on those that are most transit reliant
- Simplify the “how to pay” question

Why Raise Fares?

- Address ongoing structural funding deficit
- Minimize service reductions
- Long term plan for revenues to maintain a world-class transit system
 - Opportunity to revisit fare recovery goals

Metro Transit Bus Farebox Recovery



Peer Fare Structures

	Bus Farebox Recovery Ratio (as of 2015)	Last Date Fare Increase	Local Off Pk	Express Pk
Metro Transit (Current)	24%	Oct 2008	\$1.75	\$3.00
Metro Transit (w/ \$0.25 Increase)	27% (est.)		\$2.00	\$3.25
Atlanta	29%	Oct 2011	\$2.50	
Baltimore	20%	Jul 2015	\$1.70	\$3.00
Boston	24%	Jul 2016	\$1.70	\$2.25
Cleveland	21%	Aug 2016	\$2.50	\$3.75
Denver	24%	May 2015	\$2.60	\$4.50
Houston	10%	Nov 2008	\$1.25	\$2.00-\$4.50
Miami	26%	Oct 2013	\$2.25	2.65
Philadelphia	29%	Jul 2013	\$2.25	
Pittsburgh	28%	Jul 2012	\$2.50-\$3.75	
Portland	29%	Sep 2012	\$2.50	
Seattle	31%	Feb 2016	\$2.50	\$2.75

Proposed 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

Base Fare Increase

- Increase of \$0.25 for all fare levels was preferred vs. \$0.50
- No support for \$0.50 increase
- Suburban transit providers indicated preference to \$0.25 vs. \$0.50

Regional Annual First Year Estimates	Estimated Change in Ridership	Estimated % of Ridership Change	Est. Additional Revenues
\$0.25 Increase Impacts	(3.8M)	(-4.7%)	\$6.7M
\$0.50 Increase Impacts	(7.1M)	(-8.9%)	\$12.8M

Base Fare Increase

	Current			\$0.25 Increase	
Cash Fare	Full Fare	Reduced Fare		Full Fare	Reduced Fare
Local Off-Peak	\$1.75	\$0.75		\$2.00	\$1.00
Local Peak	\$2.25	\$2.25		\$2.50	\$1.00
Express Off-Peak	\$2.25	\$0.75		\$2.50	\$1.00
Express Peak	\$3.00	\$3.00		\$3.25	\$1.00
	Limited Mobility:	\$0.75		Limited Mobility:	\$1.00

- Includes eliminating peak surcharge for seniors, youth and Medicare card holders
- Limited Mobility fare increases to \$1
- Downtown Zone fare remains \$0.50/ride
- No change to peak hours, transfer rules

Northstar Fare Increase

- Northstar fares increase \$0.25 (same as peak express fares)

Station	Current Weekday Fare	Proposed
Big Lake	\$6.00	\$6.25
Elk River	\$4.50	\$4.75
Ramsey	\$3.50	\$3.75
Anoka	\$3.00	\$3.25
Coon Rapids- Riverdale	\$3.00	\$3.25
Fridley	\$3.00	\$3.25
Station-to-Station	\$3.00	\$3.25

Metro Mobility

- Increase of \$0.50 to base fare levels for Metro Mobility Service

	Current Fare	Proposed Fares	
Off-Peak (ADA)	\$3.00	\$3.50	
Peak (ADA)	\$4.00	\$4.50	
Off-Peak (Non-ADA)	\$3.00	\$3.50	+ \$0.75 trips > 15 miles
Peak (Non-ADA)	\$4.00	\$4.50	

- Fare increase will generate \$1.3M in year one
- Continue to develop Metro Mobility-to-fixed route incentive program
- Metro Mobility task force reviewing potential operating savings opportunities
- Cash and Go-To stored value use only
 - No acceptance of any passes

Transit Link

- Match fares with Metro Mobility fare structure (\$1.60 avg. increase)

	Current Base Fare	Proposed Fares	
Off-Peak	\$2.25	\$3.50	+ \$0.75 trips > 15 miles
Peak	\$2.25	\$4.50	

- Additional revenues of \$265K in year one
- Cash and Go-To stored value use only
 - No acceptance of “all you can ride passes”

Other Considerations

- Eliminate stored value bonus (10%)
- Other fare simplification and revenue generation efforts
 - Review fare product and program pass prices
 - Eliminate Transit Schools discount program
- Eliminate off-peak express category
- TAP program*



Low Income Fare Program
Final Report
July 12, 2017



TAP II: Face to Face distribution method

- Metro Transit Service Centers
- MVRTA and Southwest transit stations
- 14 Community engagement partners

Income verification guidelines:

- 185% above Federal poverty guidelines, or
- 50% of the Area Median Income (AMI), or
- Organization supported Homeless

Participants: 2,453



Enrollment Demographics

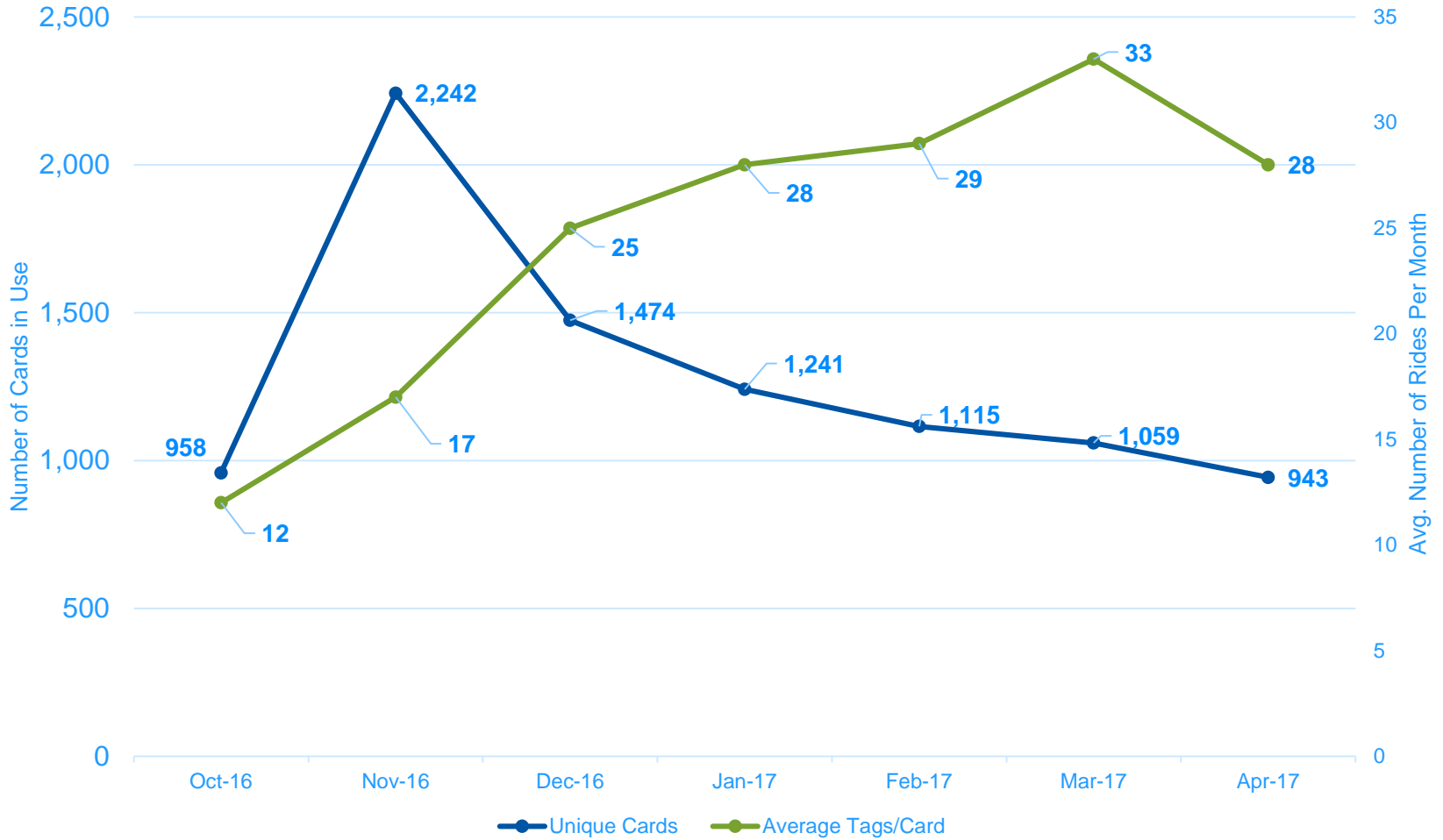


- 53% female, 46% male
- 82% are persons of color
- 85% reported they usually take transit
- 13% new riders

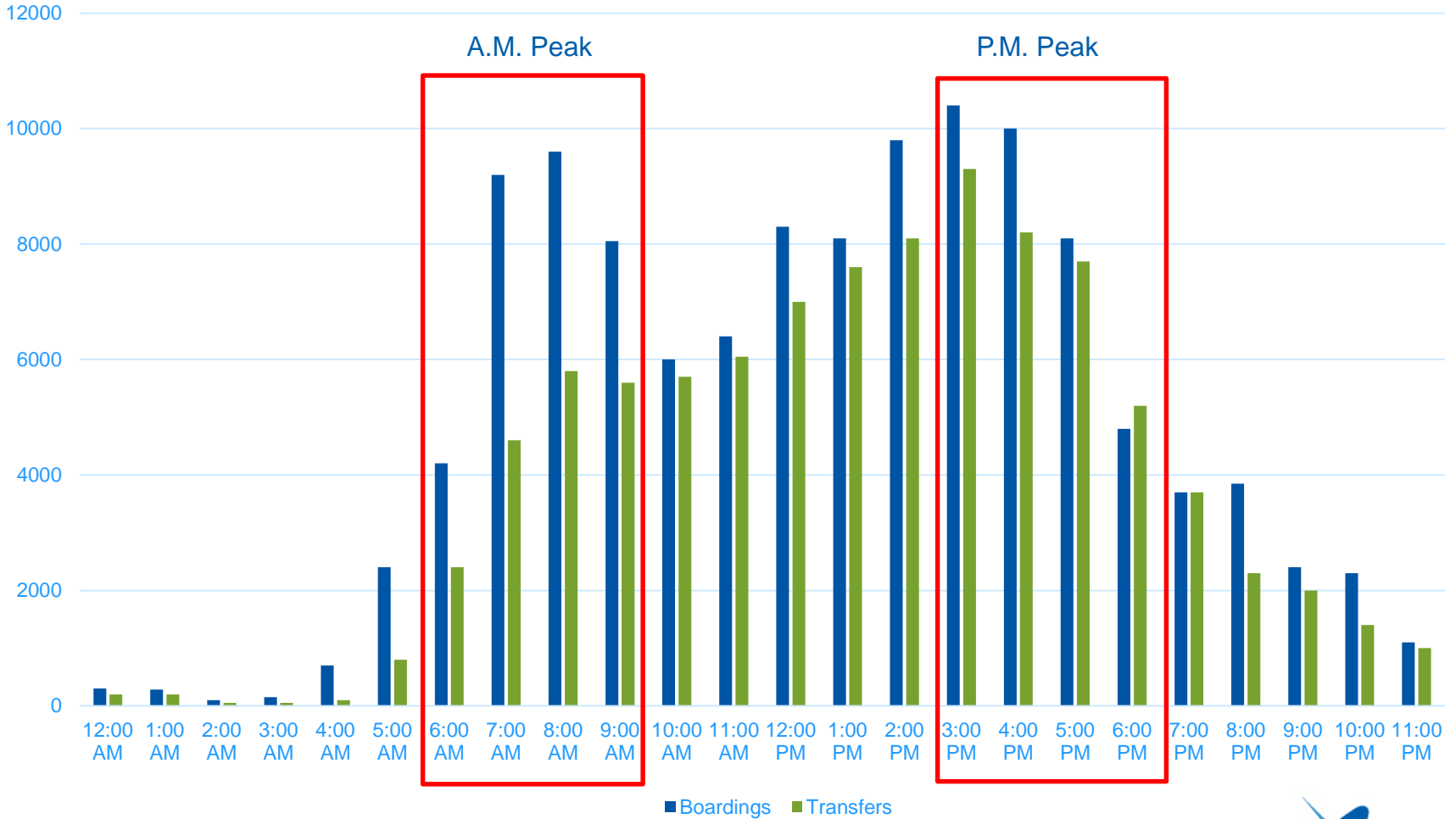
- 60-40 split employed vs. unemployed
- 69% use cash, token, etc.
- 19% get some transit assistance



TAP Card Use Data



Rides by Time of Day



*95%+ riding local buses



METROPOLITAN
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Post Survey Findings

Question	Response
• Has it improved your ability to travel?	Yes - 94%
• Program was easy to understand?	Yes - 81%
• Easy to enroll others?	Yes - 93%
• Interest in a monthly pass?	Yes - 82%

Notes

- Based on 604 Responses
- 500 surveys returned as “undeliverable”

Future Distribution Model

- Card distribution at public or agency partner sites
 - Certification complete within the last 60 days- Public
 - Formal agreement with community partners to ensure adherence to eligibility guidelines
 - Partners options: approve a qualified certification and/or distribute cards
- Mandatory card registration (48 hours for fraud control)
- Limited to stored value loads
- TAP card is valid for 365 days of discounted riding
 - Customer can keep card after eligibility expires
- Low overall Metro Transit/Council administrative expense



Future Enrollment

- Enrollment Sites to include:
 - MT Service Centers
 - St. Paul, Richfield and Bloomington Public Housing
 - MPLS Adult Education
 - Project Pride and Living (PPL)
 - Catholic Charities sites
- Accepted documentation includes:
 - EBT card/ with SNAP benefits
 - WIC folder
 - Reduced/free lunch letter
 - Catholic Charities Community Card
 - Partnered dated housing rent statement



Estimated Impact

- Value to Riders
 - Positive comments with post survey and fare change feedback
- Ridership
 - Estimated ridership the same as seen in pilot (32/month)
 - 13% of riders were new
 - Existing riders riding more
- Minimal admin costs – no additional staffing
 - Absorbed into current processing channels
- Revenue projections
 - 20% Twin Cities enrollment rate (50,000)
 - 40% retention rate as seen in pilot (20,000)
 - \$3M - \$4M annual revenue reduction with fully mature program

Fare Increase Schedule

- Committee of the Whole – July 12th
- Transportation Committee – July 24th
- Council Meeting – July 26th
- Fare Increase – October 1st, 2017