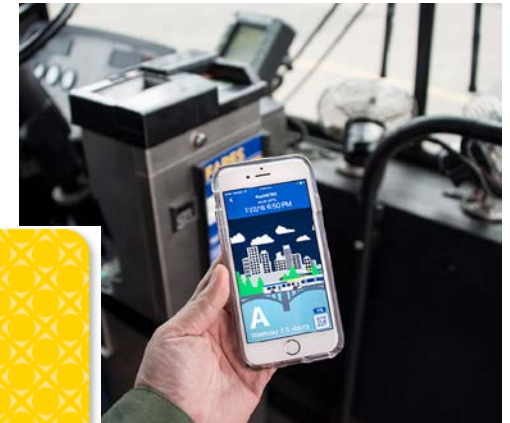


Regional Fare Change Update

Nick Eull
Senior Manager
of Revenue Operations



Today's Presentation

1. Discuss fare increase options, alternatives and impacts
2. Low income fare discussion
 - a. Continue discussion on TAP
 - b. Address Metro Mobility low income riders
3. Program and pass price recommendations
4. Scenario ridership and revenue comparison
5. Fare Recovery Ratio Projections

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

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
- Scenario 3 increases fares \$0.25 at local fare levels and \$0.50 at express fare levels*

	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 3*	\$2.00	\$2.50	\$2.75	\$3.50

Base Fare Increase Option

- Increase of \$0.25 for all fare levels was preferred vs. \$0.50
- No support for \$0.50 increase
- Suburban Transit Providers (STPs) do not support different increases for local and express
- Public support for \$0.25 local/\$0.50 express is unknown
- Bulk of additional rides lost on scenario 3 are with STPs
 - STPs overall ridership losses increase by 4.5% vs. 0.7% for MT/Council*
- Scenario 3 creates more complexity in fare structure

Regional Annual First Year Estimates	Estimated Change in Ridership		Estimated % of Ridership Change		Est. Additional Revenues
	Local	Express	Local	Express	
\$0.25 Increase Impacts	(3.1M)	(.7M)	-4.9%	-3.3%	\$6.7M
\$0.50 Increase Impacts	(6.0M)	(1.1M)	-9.9%	-6.5%	\$12.8M
\$0.25 Local/\$0.50 Express	(3.1M)	(1.1M)	-4.9%	-6.5%*	\$8.5M

Scenario and Option Comparisons

Base Scenarios	Ridership	Revenues (Est.)	Equity	Simplicity
\$0.25 Fixed Route Increase (Scenario 1)	(3.8M)	\$6.7M	=	=
\$0.50 Fixed Route Increase (Scenario 2)	(7.1M)	\$12.8M	=	=
\$0.25 Local/\$0.50 Express Increase (Scenario 3)	(4.1M)	\$8.5M	=	-
Metro Mobility - \$0.50 Increase, \$0.75 Distance Surcharge	2% Growth*	\$1.3M	-	-
Transit Link - \$1.60 Avg. Increase, \$0.75 Distance Surcharge	No Change	\$265K	-	-

Transit Assistance Pass Review

	Population
Twin Cities Population, 18-64	2,220,487
Disability Population	146,675
Estimated Population under 185% Poverty Line	383,784
Estimated TAP Eligible Population	237,109

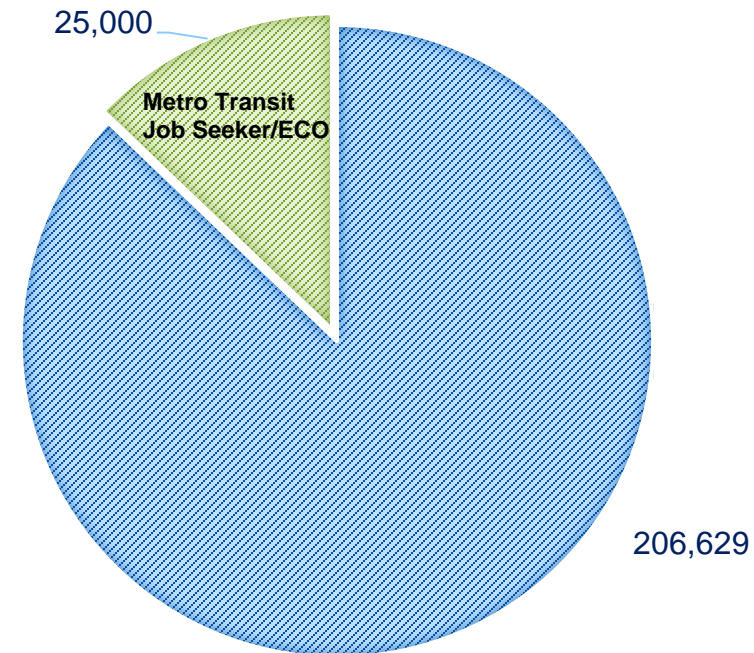
Opportunities

- Gets us started in working with individuals
- Leverages the agency/assistance program relationships already established
- Modeled after a peer agency program that has shown it works

Challenges

- Not everyone will be interested
- Service is not available for everyone
- Challenging market segment to communicate with

WHO IS GETTING HELP NOW?



Looking At Our Peers

- TAP program most closely matches King County (Seattle) ORCA Lift Program

Key Figures

King County Metropolitan Area Population (18-64)	2,464,142
Minneapolis - St. Paul Population (18-64)	2,220,487

King County Poverty Level	10.2%
MSP Poverty Level	9.3%

King County First Year Results

Est. Eligible Population	346,800
Total Number of Participants	25,000 (14%)
Total Trips - ORCA Lift	3,700,000

TAP Estimated Revenue Impacts

- Estimated full penetration of 20% (50K participants)
- Pilot test shows two out of five cards used each month (20k cards projected)
- Fare paid was \$1 vs. average retail fare of \$1.96 (based on original boardings)
 - Revenue loss per ride of \$0.96
- Average of 16 original boardings per month, per card (2nd pilot test)
- Annual est. revenue loss:
 - At \$1.25 fare: \$3M – \$4M
 - At \$1.00 fare: \$3.5M - \$4.5M
- Figures don't include for ridership growth
 - New riders AND more rides!



Metro Mobility Fare Increase Mitigation

Reduced Fare for Transfer to Fixed Route

- New Transfer Option: Significantly reduced fare to connect with fixed route
 - Geared towards customers able to transfer and ride fixed route
 - Option is for connection at strategic transfer locations
 - Voluntary transfer for customers
- Why this option will work
 - Customers have more flexibility and independence
 - Quicker trip than shared ride service
 - Improves efficiency of Metro Mobility service
- Potential market for connecting to fixed route
 - About 26% of customers are conditionally certified and account for 29% of rides
 - Estimate 100,000 trips annually could be provided through fixed route connections
- Implementation in Spring 2018

Fare Increases Not Borne by All Riders

- Estimate 40%-50% of customers would be minimally impacted by a fare increase because their fares are supported by 3rd party payors

Information on Program Passes

Program Description	Who's Eligible?	Current Price	Billing Cycle	Recommended Price - \$0.25 Increase	How is it priced?	Program Goal	# of Users (2016)	Total Revenues (2016)
Metropass	Organizations with 5+ Members	\$76	Monthly with Annual Agreements	\$83	Actual Usage (Revenue Neutral); based on partnership agreements	Provide alternatives to daily commuting	36K (333 companies)	\$31.3M (32%)
Student Pass (Minneapolis)	MPS Students	\$75	Quarterly (school based quarters)	\$82.50	Negotiated discount based on partnership agreements	Grow life long transit users; alternative to yellow bus service	10K	\$3.9M (3.6%)
Student Pass (All Others)	High School Students	\$87.50	Quarterly (school based quarters)	\$97	Usage w/40% Discount			
College Pass	Area Colleges and Universities	\$175/\$140	Semester	\$165	Usage w/30% Discount	Grow life long transit users; provide alternatives to daily commuting.	12.5K	\$1.7M (1.6%)
Upass	University of Minnesota Students	\$100	Semester	\$114	Usage w/40% Discount	Grow life long transit users; provide alternatives to daily commuting.	19k (Fall 2016)	\$2.8M (2.6%)

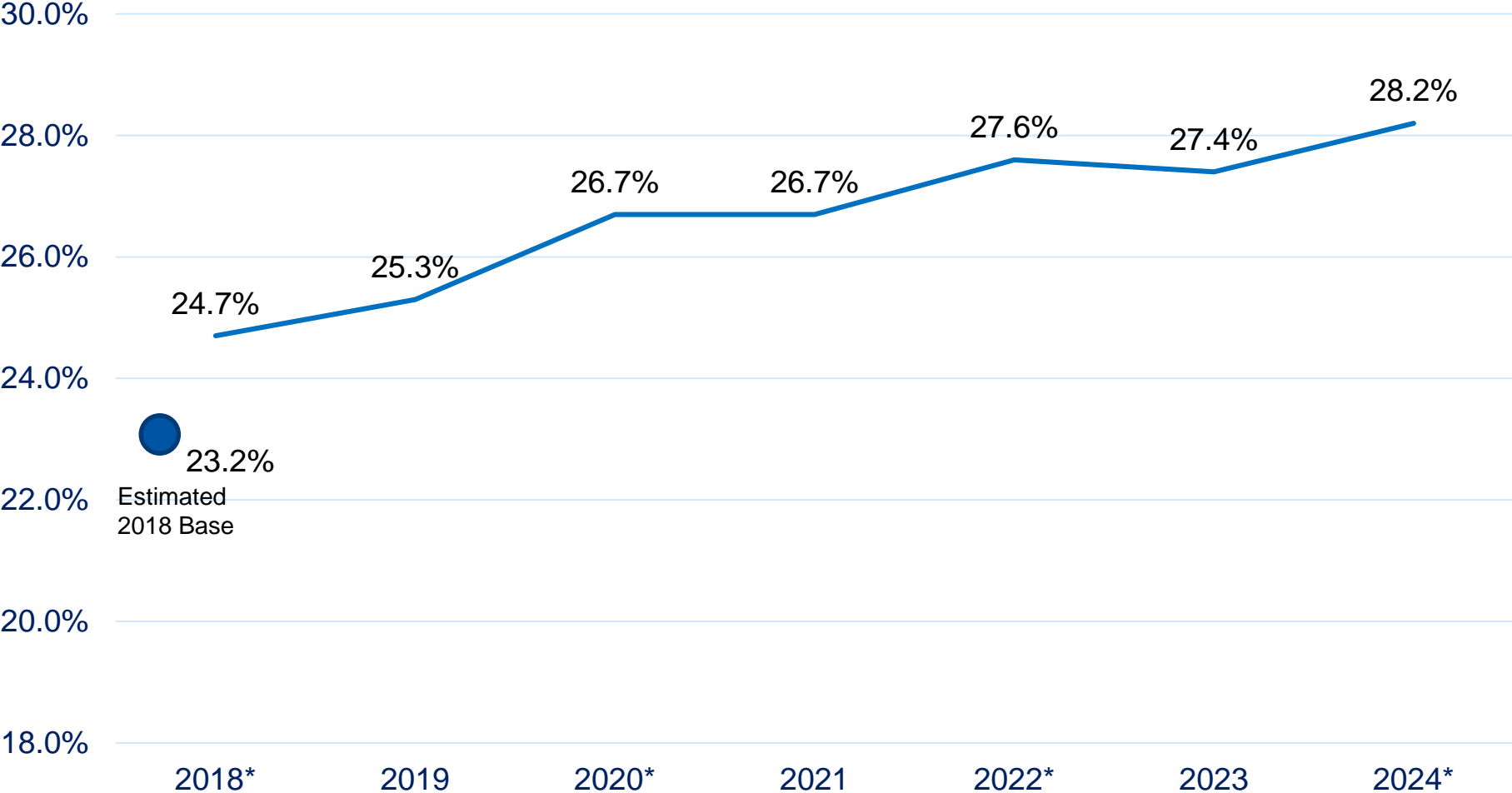


Scenario and Option Comparisons

Base Scenarios	Ridership	Revenues (Est.)	Equity	Simplicity
\$0.25 Fixed Route Increase (Scenario 1)	(3.8M)	\$6.7M	=	=
\$0.50 Fixed Route Increase (Scenario 2)	(7.1M)	\$12.8M	=	=
\$0.25 Local/\$0.50 Express Increase (Scenario 3)	(4.1M)	\$8.5M	-	-
Metro Mobility - \$0.50 Increase, \$0.75 Distance Surcharge (non-ADA) > 15 Miles	2% Growth*	\$1.3M	-	-
Transit Link - \$1.60 Avg. Increase, \$0.75 Distance Surcharge > 15 Miles	No Change	\$265K	-	-
Fare Policy Options	Ridership	Revenues (Est.)	Equity	Simplicity
Eliminate Stored Value Bonus	-	\$1.9M	+	=
Transit Assistance Program (TAP)	+	(\$3.0M)	+	=
One Fare for Reduced Fares (Sr., Youth and Medicare)	+	(\$.6M)	+	+



Metro Transit System
Fare Recovery Ratios (Estimated)
\$0.25 Increase Every 2 Years



* Notes Fare Change Years

