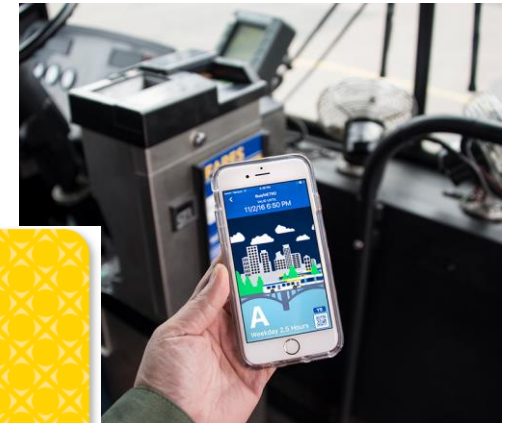


# Metro Transit Budget and Fare Change Overview

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*Senior Manager of  
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Equity Advisory Committee – March 21, 2017

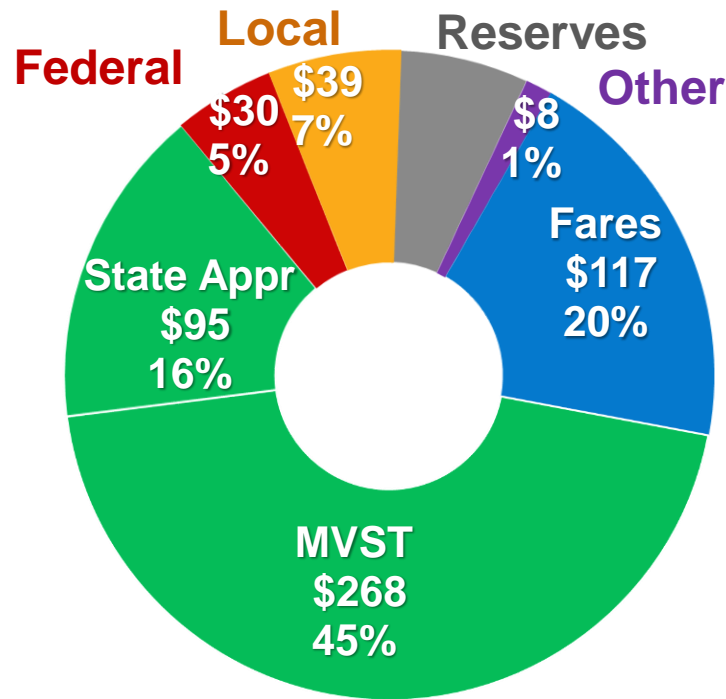
# Today's Presentation

- Overview on Council's transportation budget
- Fare change goals and considerations
- Public engagement overview
- Next steps



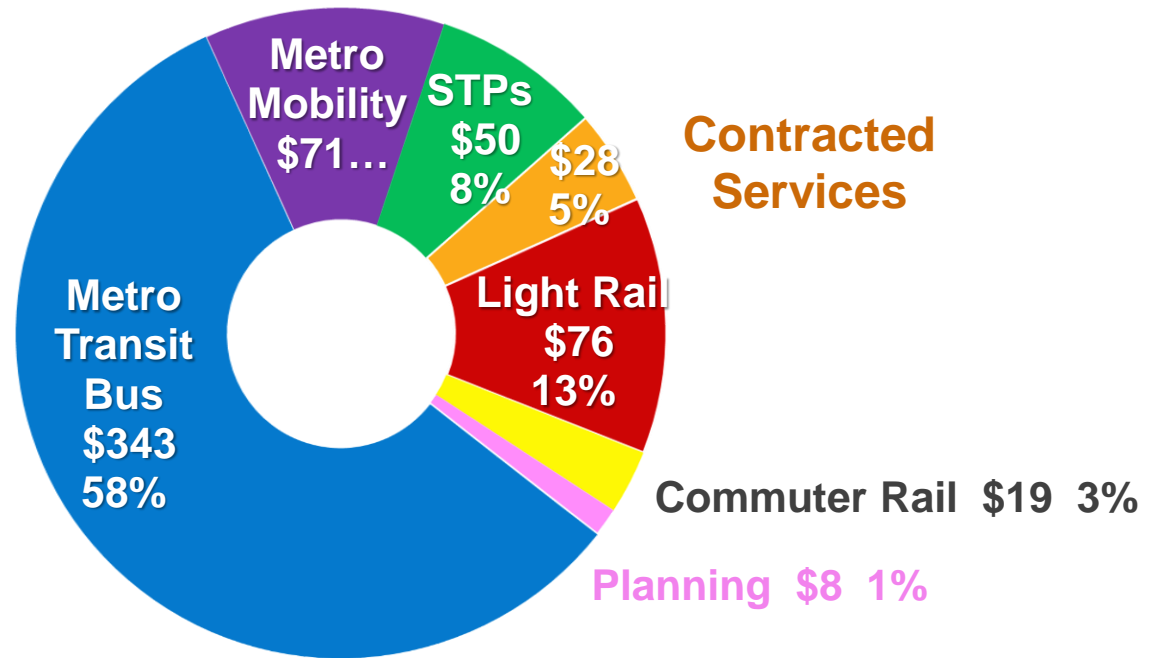
# 2017 Regional Transit Budget Funding Sources (\$595 million)

Dollars in millions

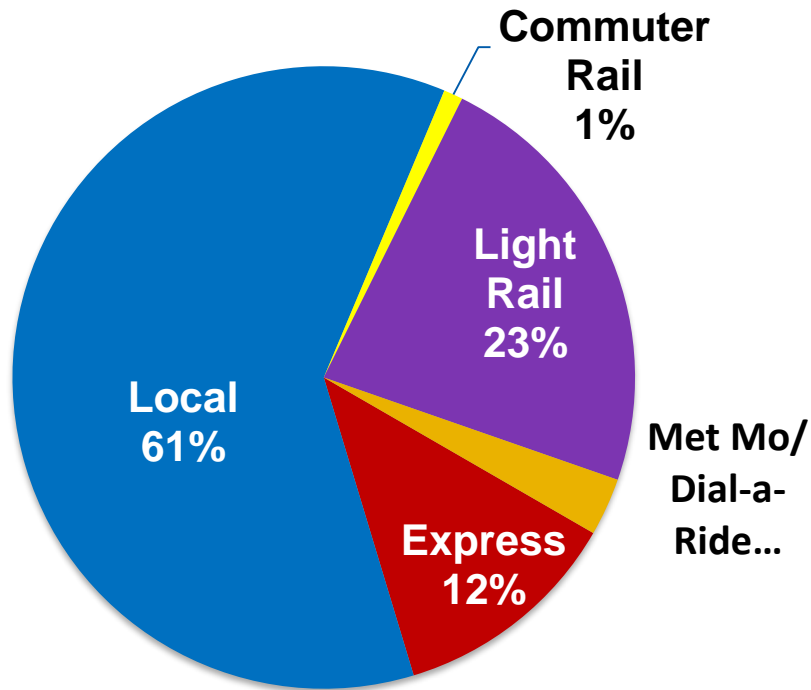


# 2017 Regional Transit Budget Expenditures (\$595 million)

Dollars in millions



# Ridership

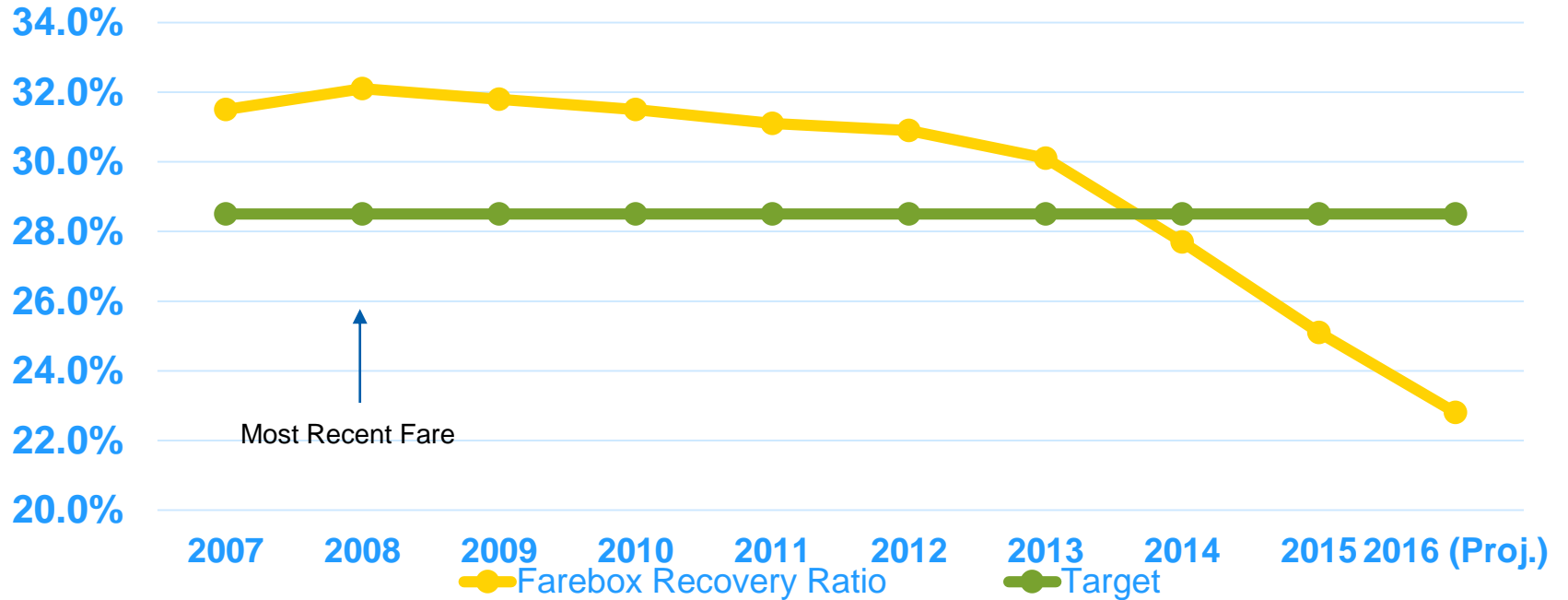


**324,000  
rides per  
day**

**98.8 million rides per year**

Bus system accounts for **76%**  
of regional ridership

# Bus Farebox Recovery History



# Motor Vehicle Sales Tax (MVST) Forecast

	SFY 2016	SFY 2017	SFY 2018	SFY 2019	
Nov 2015	\$262	\$282	\$302	\$315	
Feb 2016	\$257	\$278	\$297	\$310	
Nov 2016	\$258	\$268	\$288	\$304	
Forecast Loss	(\$4)	(\$14)	(\$14)	(\$11)	(\$43M)
<b>Feb 2017</b>	<b>-</b>	<b>\$272</b>	<b>\$291</b>	<b>\$306</b>	
Feb 2017 Forecast Gain	-	\$4	\$3	\$2	\$9M
Forecast Loss since Nov 2015	(\$4)	(\$10)	(\$11)	(\$9)	(\$34M)

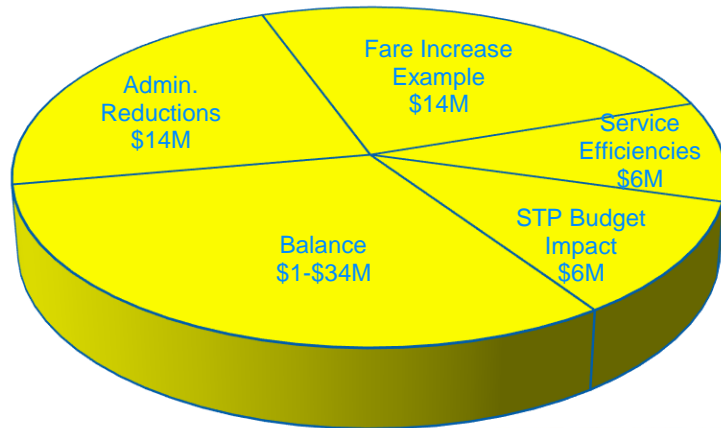
# Total Projected Transportation Deficit State Fiscal Years 2018-19

	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
<b>Total Projected Deficit</b>	<b>\$89</b>	<b>\$74</b>



# Projected Deficit Scenarios

	Low	Medium	High
Revised Projected Deficit	\$41M	\$65M	\$74M
Administrative Reductions	(\$14M)	(\$14M)	(\$14M)
Fare Increase Example	(\$14M)	(\$14M)	(\$14M)
Service Efficiencies	(\$6M)	(\$6M)	(\$6M)
STP Budget Impact	(\$6M)	(\$6M)	(\$6M)
Remaining Balance	\$1M	\$25M	\$34M



- Other options flexible funding being analyzed by staff
- Service reductions would require public hearing process

# 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 local fares \$0.25 and increases express fares \$0.50
- Scenario 3 increases local fares \$0.25 and increases express fares \$0.50, and creates a single express fare category for all time periods
- 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

	Off Peak Local	Peak Local	Off Peak Express	Peak Express
<b>Current</b>	\$1.75	\$2.25	\$2.25	\$3.00
<b>Scenario 1</b>	\$2.00	\$2.50	\$2.50	\$3.25
<b>Scenario 2</b>	\$2.00	\$2.50	\$2.75	\$3.50
<b>Scenario 3</b>	\$2.00	\$2.50	\$3.50	

# Scenario 1 Preliminary Analysis

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

	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
<b>Estimated Regional Impact</b>	<b>(2,517,295)</b>	<b>(-4.7%)</b>	<b>\$6,233,345</b>

- 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

# Scenario 2 Preliminary Analysis

- Fares increase \$0.25 for local, \$0.50 for express

	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
<b>Estimated Regional Impact</b>	<b>(3,015,675)</b>	<b>(-5.7%)</b>	<b>\$6,911,839</b>

- Raises fares by a more proportional overall amount than a straight value increase
- Estimates a more significant loss of ridership for suburban providers
- Larger relative revenue increase for suburban providers
- Creates a new price category where there hasn't been one previously (\$2.75)

# 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 and (one express fare)
- Eliminate stored value bonus
- Make the Transit Assistance Pass (TAP) low income program permanent
- Simplify product catalog where possible

# Additional Fare Policy Considerations

- Eliminate Go-To stored value bonus (10%)
  - Almost \$2 million in bonus value added in 2016
  - Allows Metro Mobility and Transit Link to charge full cash fare for Go-To users
  - Options for incentives could include Go-To use discount
- 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 with reduced fare

# 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 faresets
  - Very little express use
  - Majority of revenues collected in fare set 1 (lower overall revenue impact)
  - Initial estimates of \$2 million – \$3million revenue impacts
  - 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%

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

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

	Increase Amount	Additional Revenues		Total
		2018	2019	
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

# Transit Link Fare Change Impacts

- Increased fares will reduce current ridership growth

	Option 1 (\$0.50 Increase)	Option 2 (\$0.75 Increase)
	2018-2019	2018-2019
Number of Est. Rides Reduced	32,610	97,826
Subsidy Per Ride	\$20	\$20
Savings from Reduced Demand	<b>\$652K</b>	<b>\$1.957 M</b>

- Fare increase will generate additional revenue

		Additional Revenues		
	Average Increase	2018	2019	Total
Option 1	\$1.60	\$326,000	\$547,000	\$1.07 Million
Option 2	\$1.85	\$978,000	\$694,000	\$1.30 Million

- Combined savings and revenues of \$1.7 M - \$3.2 M over two years
- Includes no acceptance of “all you can ride passes”
- Includes distance surcharge

# Northstar Fares

- Northstar fares increase at the same value as express fares (\$0.25 or \$0.50 based on scenarios 1-3)

Station	Current Weekday Fare	New Fare - Scenario 1	New Fare - Scenarios 2 & 3
<b>Big Lake</b>	\$6.00	\$6.25	\$6.50
<b>Elk River</b>	\$4.50	\$4.75	\$5.00
<b>Ramsey</b>	\$3.50	\$3.75	\$4.00
<b>Anoka</b>	\$3.00	\$3.25	\$3.50
<b>Coon Rapids-Riverdale</b>	\$3.00	\$3.25	\$3.50
<b>Fridley</b>	\$3.00	\$3.25	\$3.50
<b>Station-to-Station</b>	\$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

# Transit Reliant Customers – How Do We Help Mitigate Any Increase?

- TAP program – Offers the potential of a significantly discounted fare
- More awareness of current reduced fare programs
- Eliminate reduced fare surcharge
- Provide information on discounted passes
- Gather feedback on fare payment challenges
- Provide cost saving options for Metro Mobility

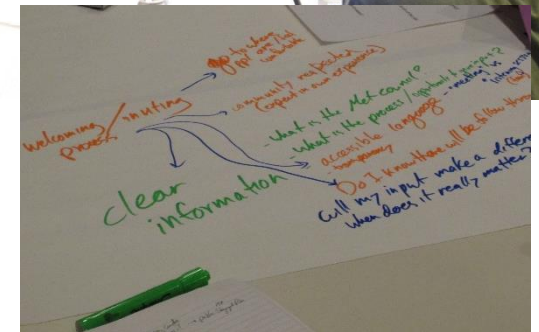
# How Can The EAC Help?

- Feedback and weaknesses on the current approach
- Help ensure effective outreach and public involvement opportunities
- Help drive awareness and community participation in the engagement process
- Help push for a stable funding solution



# Public Input Process

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



# Recent and Next Steps

- Gather feedback from Transportation Committee (March 13)
- Revisit with Suburban Transit Providers with updated information and discussion (March 21<sup>st</sup>)
- Inform Equity Advisory Committee (March 21<sup>st</sup>)
- Incorporate all stakeholder feedback into base proposal(s) for public consideration
- Review final base proposal(s) with Transportation Committee and seek approval to begin public meetings (March 27)
- Seek approval from full Council for to begin public meetings (April 12)