

Transportation Committee

For the Metropolitan Council meeting of April 10, 2013

Subject: Approval of Northstar Commuter Rail Fares and Tokens Permanent Fare Change

Proposed Action

That the Metropolitan Council:

- 1) Approve the Fare Change for Northstar Commuter Rail as set forth in the table below, effective May 1, 2013

Northstar Fares	Weekday (Rush Hour)	Weekend (Non-Rush Hours)	
One-way fares to/from downtown Minneapolis	All customers except persons with disabilities	Adults	Seniors (65+), Youth (6-12) and Medicare card holders. <i>Valid at all times for persons with disabilities.</i>
Big Lake	\$6.00	\$5.25	\$1.75
Elk River	\$4.50	\$4.00	\$1.25
Ramsey	\$3.50	\$3.50	\$1.00
Anoka	\$3.00	\$3.00	\$1.00
Coon Rapids-Riverdale	\$3.00	\$3.00	\$1.00
Fridley	\$3.00	\$2.50	\$0.75
Station-to-Station	\$3.00	\$2.50	\$0.75

- 2) Approve the fare change where the \$1.00 value of a bus issued transfer towards Northstar fares will no longer apply effective May 1, 2013
- 3) Approve the Fare Change for Tokens where a single token will be valid for both local peak and off-peak fares for up to a value of \$2.25 with the token price set at \$1.75, effective May 1, 2013.

Summary of Committee Discussion/Questions

Ed Byers and Ed Petrie presented and answered questions about the prevalence of token use around the country. Đoàn asked for the costs associated with using tokens vs go-to cards. Lamb explained that go-to cards were tried with some social service agencies (and will continue to try), but that the social service agencies often deal with one-time rides and prefer to use tokens. Lamb also said that the Northstar fare change will sync with upcoming fare structure recommendations. Motion by Elkins, seconded by Đoàn and passed.

Transportation Committee

Meeting date: March 25, 2013

For the Metropolitan Council Meeting of April 10, 2013

Subject:	Approval of Northstar Commuter Rail Fares and Tokens Permanent Fare Change
District(s), Member(s):	All
Policy/Legal Reference:	Transit Fare Policy Changes 3-2-6, Implementing Procedure 3-2-6a
Staff Prepared/Presented:	Brian J. Lamb, General Manager (612) 349-7510 Vince Pellegrin, Chief Operating Officer (612) 349-7511 Edwin D. Petrie, Director of Finance (612) 349-7624 Ed Byers, Deputy Chief Operating Officer, Rail 612- 349-7080 Tom Randall, Senior Manager Revenue Operations, 612-349- 7624
Division/Department:	Metro Transit/Finance

Proposed Action

That the Metropolitan Council:

- 4) Approve the Fare Change for Northstar Commuter Rail as set forth in the table below, effective May 1, 2013

Northstar Fares	Weekday (Rush Hour)	Weekend (Non-Rush Hours)	
		Adults	Seniors (65+), Youth (6-12) and Medicare card holders. <i>Valid at all times for persons with disabilities.</i>
One-way fares to/from downtown Minneapolis	All customers except persons with disabilities	Adults	Seniors (65+), Youth (6-12) and Medicare card holders. <i>Valid at all times for persons with disabilities.</i>
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Fridley	\$3.00	\$2.50	\$0.75
Station-to-Station	\$3.00	\$2.50	\$0.75

- 5) Approve the fare change where the \$1.00 value of a bus issued transfer towards Northstar fares will no longer apply effective May 1, 2013
- 6) Approve the Fare Change for Tokens where a single token will be valid for both local peak and off-peak fares for up to a value of \$2.25 with the token price set at \$1.75, effective May 1, 2013.

Background

In July and August of 2009, the Metropolitan Council established Permanent and Introductory Fares for the Northstar Commuter Rail. In October 2010, the Council approved the introductory fare as the permanent fare for the Northstar Commuter Rail with consideration of economic conditions at the time and the desire to attract ridership.

In June 2012 the Council approved a Temporary Fare Change for Northstar Commuter Rail as detailed in the table above effective for the period of August 1, 2012 to April 30, 2013. The establishment of recommended fare pricing reflects current travel market conditions for commuter's value of long distance and high quality service, while balancing ridership impacts and fare revenue generation. It programs pricing flexibility in a time of economic recovery and encourages customer integration to public transportation. Our surveys of non-Northstar riders living within the Northstar Corridor shows that a prime factor in the decision to not ride commuter rail is the established fare set.

Ridership on the Northstar Line was 710,426 in 2010 and 703,427 in 2011. The 2012 Northstar Ridership forecast before the temporary fare change was 681,000 rides or 3.2% below 2011 levels. The implementation of the temporary Northstar fares has been received positively by customers. Ridership in 2012 ended at 700,276 rides, less than a half percent below 2011 levels. Overall ridership increases through February 2013 have been at nearly 7% with increases in weekday ridership over 11%.

Actual results for Northstar Operations in 2011 were a Cost per Passenger of \$22.69 and a Subsidy per Passenger of \$18.82. Northstar 2013 Operations at a continued 7% ridership increase will forecast a Cost per Passenger of \$21.99 and a Subsidy per Passenger of \$18.69. These amounts in 2013 reflect the responsiveness of customers to the new price point, and have been able to absorb the two years of operations inflation in the net cost of delivery of service and continue to be below 2011 levels.

As required by FTA Circular 4702.1B, Metro Transit conducted a Title VI fare equity review of this fare change. The analysis utilized ridership data and passenger survey data to determine the average change in fare for minority, non-minority, low-income and non-low income customers. This analysis found that while the average decrease in fare is slightly less for minority and low-income riders, the difference is well within the threshold used to determine disparate impact and disparate burden. Specifically, minority and low-income populations experienced an average decrease in fare that is greater than 80 percent of the decrease in fare experienced by non-minority and non-low-income populations, respectively. Based on these results, the Title VI fare equity review found that the Northstar Commuter Rail fare change does not disproportionately and adversely affect minority or low-income populations.

The \$1.00 credit towards Northstar fare for a bus issued transfer was originally implemented with the opening of the commuter rail line. Usage of this feature has been minimal and has generated customer confusion. Eliminating this option will not affect riders and will simplify the fare structure.

Tokens have been sold to social service and other organizations who distribute them to their clients at no cost. The tokens were sold for a list price of \$1.58 and were valid for local off-peak fares for a value of up to \$1.75. If a customer rides during the local peak the \$2.25 fare required the use of two tokens for full payment which creates confusion with the customer and also leads to fare disputes with the operators.

Rationale

The fare change reflects current travel market conditions for commuter's value of long distance commuter rail service while balancing impacts on fare revenue. During the temporary fare change period of August 1, 2012 to February 2013 ridership growth adjusted for special events has been very strong with weekday ridership up over 11.0% and total ridership up nearly 7%.

The number of tokens used by social service organizations annually is over 704,000. As a means to simplify the fare structure, improve customer convenience, reduce operator fare disputes, and take into consideration the requests of simplification by the social service organizations, this action would make permanent a fare change for Tokens where a single token is valid for both local peak and off-peak fares for up to a value of \$2.25. The last survey of organizations purchasing tokens found over 92% of those responding favored this change.

Funding

The Northstar Commuter Rail Permanent Fare Change impacts on the net cost of delivery of service are included in the Metro Transit Northstar Commuter Rail Operations Budget, and are forecasted at less than 2011 actual results. Forecasted fare revenue Loss from the Permanent Fare Change of \$270,000 will be covered by cost savings in the Metro Transit Northstar Commuter Rail Operations Budget.

The maximum potential fare revenue loss resulting from the Token Permanent Fare Change will be approximately \$48,000 which will be covered by cost savings in Metro Transit bus operations.

Known Support / Opposition

There is no known opposition to this action.