

## Transportation Committee

Meeting date: June 10, 2013

For the Metropolitan Council meeting of: N/A

**Subject:** Demonstration Fare for SouthWest Transit Chanhassen Circulator Route 692E

**District(s), Member(s):** All

**Policy/Legal Reference:** Mn Statute 473.408 Subd. 2a; Council Policy 3-2-6 /Procedure 3-2-6a Transportation Service Fare Policy Changes

**Staff Prepared/Presented:** Arlene McCarthy, Director MTS (651-602-1754)

**Division/Department:** Transportation/Metropolitan Transportation Services (MTS)

### Proposed Action

No action requested; information on demonstration fare for Route 692E.

### Background

Per Minnesota Statute, the Council is to establish and enforce uniform fare policies for regular route transit in the metropolitan area as well as approve all fares. Council policies and procedures specify that temporary and/or demonstration fares of six months or less do not require formal Metropolitan Council approval, but do require staff to conduct an evaluation of any proposed change and inform the Council of a temporary fare change at least 30 days prior to implementation. MTS is to coordinate fare changes for all non-Metro Transit providers.

On Friday, May 17, 2013, SouthWest Transit (SWT) staff requested a reduced fare for Chanhassen Circulator Route 692E. This route is a summer circulator in downtown Chanhassen operating between 9 a.m. and 4 p.m. weekdays serving the Chanhassen Transit Station, Emerson Process Management, Byerly's, Target, the Market Square area and other businesses. The route started April 29 and will run through August or September. SWT proposed a "downtown zone" fare of 50 cents for the entire route. They also advised the route may potentially run on Thursday evenings to promote the "Night on the Town/Buy Chanhassen" events sponsored by the Downtown Chanhassen Business Committee. A start date for the demonstration fare was not specified.

Council staff requested additional information to evaluate the demonstration fare request and advised SWT staff of the Council's policies and procedures for a temporary demonstration fare. Due to a misunderstanding, SWT staff believed the only action necessary was for the SWT Board to approve a demonstration fare. On May 23, 2013, the SWT Board took action approving with a 50-cent fare for the route for June 1–September 30, 2013 and providing free rides from 4–9 p.m. on any Thursday night promotions with one promotion scheduled for June 13.

On May 24, 2013, Council staff became aware of the SWT Board action, clarified the Council's policies and procedures requirements and discussed options with SWT staff. They agreed to provide the requested information to allow for the Transportation Committee to be informed at its June 10, 2013 meeting.

### **Rationale**

Per SWT staff, the circulator service and reduced fare will 1) generate attention to its regular route express service, 2) provide transit service to residents that do not travel regularly to downtown Minneapolis and the U of M, 3) show a willingness to work cooperatively with local businesses and 4) promote mobility around downtown Chanhassen during the summer months.

Consistent with the philosophy and purpose of a demonstration fare, SWT staff has agreed to prepare a report on the actual performance of the Route 692E providing actual ridership, operating costs, fare revenue and subsidy per passenger information. This report will inform the Council in the future as it considers this type of special fare within the broader context of regional fare policy.

### **Funding**

SWT anticipates minimal impact on its 2013 operating budget. SWT estimates 100 to 150 riders a day at a subsidy per passenger of \$1.60 using a "marginal cost" to operate the service of \$35 per hour, or \$280 daily. However, this calculation assumed a \$1.75 fare, not 50 cents. Additionally, SWT's hourly costs in 2011 for two similar suburban circulators were \$107 and \$131, respectively. Council staff will work with SWT staff to clarify these figures prior to completion of the actual performance report later this year.

Council staff estimates the lost fare revenue in the range of \$8,000 to \$12,000, assuming 100-150 riders per day for June 1 through August 30 (65 days). SWT is receiving \$604,200 in regional MVST operating funds in 2013 to bring its fund balance to the 35% maximum target for suburban transit providers established by the Council. The cost to operate Route 692E is included in SWT's 2013 general operating budget. The lost fare revenue will be reflected in its 2013 year-end fund balance and reimbursed through the distribution of regional MVST funds in 2014. In essence, the region is funding the demonstration fare costs.

SWT advised of a plan for the Chanhassen Business Association to pay for the Thursday evening special event service. Council staff will ensure that this is allowed by federal charter service rules.

SWT is working to expand employer subsidy of fares on Route 692E. Presently, Emerson employees flash their work badge when boarding, the bus operator records the ride and SWT invoices Emerson monthly for fare payment. These employers will pay the demonstration fare.

### **Known Support / Opposition**

No known opposition.