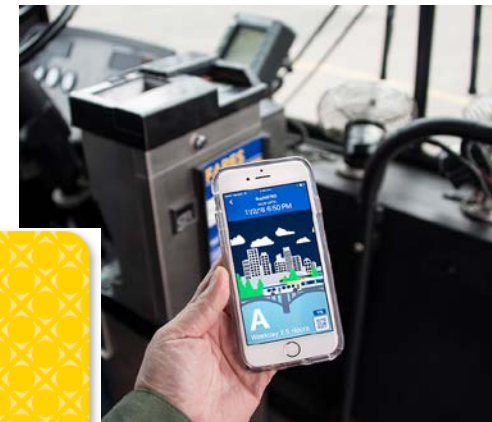


Fare Increase Options Analysis and Discussion

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Today's Presentation

- Update on budget situation
- Fare change goals and considerations
- Fare change scenarios and other options
- Public engagement overview
- Next steps

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
Total Projected Deficit	\$89	\$74

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



Key Considerations

- What impacts will decisions have on:
 - Revenue generation and ridership impacts
 - Our most transit dependent customers
 - Those paying cash
 - Those using other fare tools
 - Customer program participants
 - Metro Mobility and Transit Link
 - Suburban transit providers
 - Title VI equity analysis

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
Current	\$1.75	\$2.25	\$2.25	\$3.00
Scenario 1	\$2.00	\$2.50	\$2.50	\$3.25
Scenario 2	\$2.00	\$2.50	\$2.75	\$3.50
Scenario 3	\$2.00	\$2.50	\$3.50	

Farebox Recovery (2015)

Service Type	Farebox Recovery	Subsidy Per Passenger	Passengers (thousands)
Express Bus	37%	\$3.86	12,200
Light Rail	35%	\$1.84	23,003
Urban Local Bus	22%	\$3.16	56,750
Northstar Commuter Rail	16%	\$18.31	723
Suburban Local Bus	13%	\$5.22	4,968
Metro Mobility	13%	\$23.94	2,065
Transit Link	11%	\$19.92	371

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 stored value bonus
- Make the Transit Assistance Pass (TAP) low income program permanent
- Simplify product catalog where possible

Scenario 1 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
Metro Transit & Council Service	(2,422,197)	(-4.9%)	\$5,636,582
Suburban Transit Providers	(95,098)	(-2.5%)	\$596,763
Total Estimated Impact	(2,517,295)	(-4.7%)	\$6,233,345

- 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 Analysis

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

	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
Metro Transit & Council Service	(2,760,443)	(-5.6%)	\$6,092,771
Suburban Transit Providers	(255,232)	(-7.1%)	\$819,068
Total Impact	(3,015,675)	(-5.7%)	\$6,911,839

- 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)

Scenario 3 Analysis

- Fares increase \$0.25 for local, \$0.50 for express; combined single express fare

	Estimated Change in Ridership	Estimated % of Ridership Change	Estimated Annual Change in Revenues
Metro Transit & Council Service	(2,861,191)	(-5.8%)	\$6,222,055
Suburban Transit Providers	(322,376)	(-8.5%)	\$905,229
Total Impact	(3,183,567)	(-6.0%)	\$7,127,284

- Combined express fare category allows for higher fare recovery
- Impacts could be reduced by eliminating surcharge for reduced fare customers and TAP program
- Helps simplify fare structure

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
 - Estimated revenue loss of up to (\$665k)
 - 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 w/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 \$2M – \$3M million 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	\$3.70 Million	\$5.54 Million	\$9.23 Million

- 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 (\$1.60 Increase)	Option 2 (\$1.85 Increase)
	2018-2019	2018-2019
Number of Est. Rides Reduced	32,610	97,826
Subsidy Per Ride	\$20	\$20
Savings from Reduced Demand	\$652K	\$1.957 M

- 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

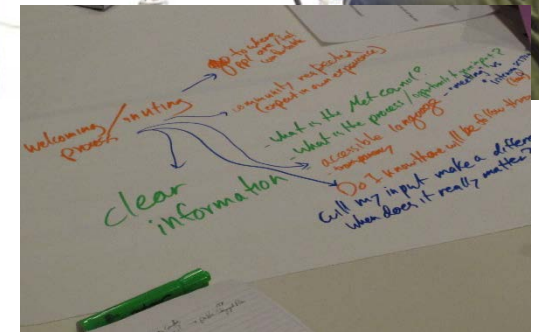
Northstar Fares

- 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
Big Lake	\$6.00	\$6.25	\$6.50
Elk River	\$4.50	\$4.75	\$5.00
Ramsey	\$3.50	\$3.75	\$4.00
Anoka	\$3.00	\$3.25	\$3.50
Coon Rapids-Riverdale	\$3.00	\$3.25	\$3.50
Fridley	\$3.00	\$3.25	\$3.50
Station-to-Station	\$3.00	\$3.25	\$3.50

Public Input Process

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



Next Steps

- Gather feedback from Transportation Committee (March 13)
- Revisit with Suburban Transit Providers with updated information and discussion
- 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)

