

Pass Program Working Group

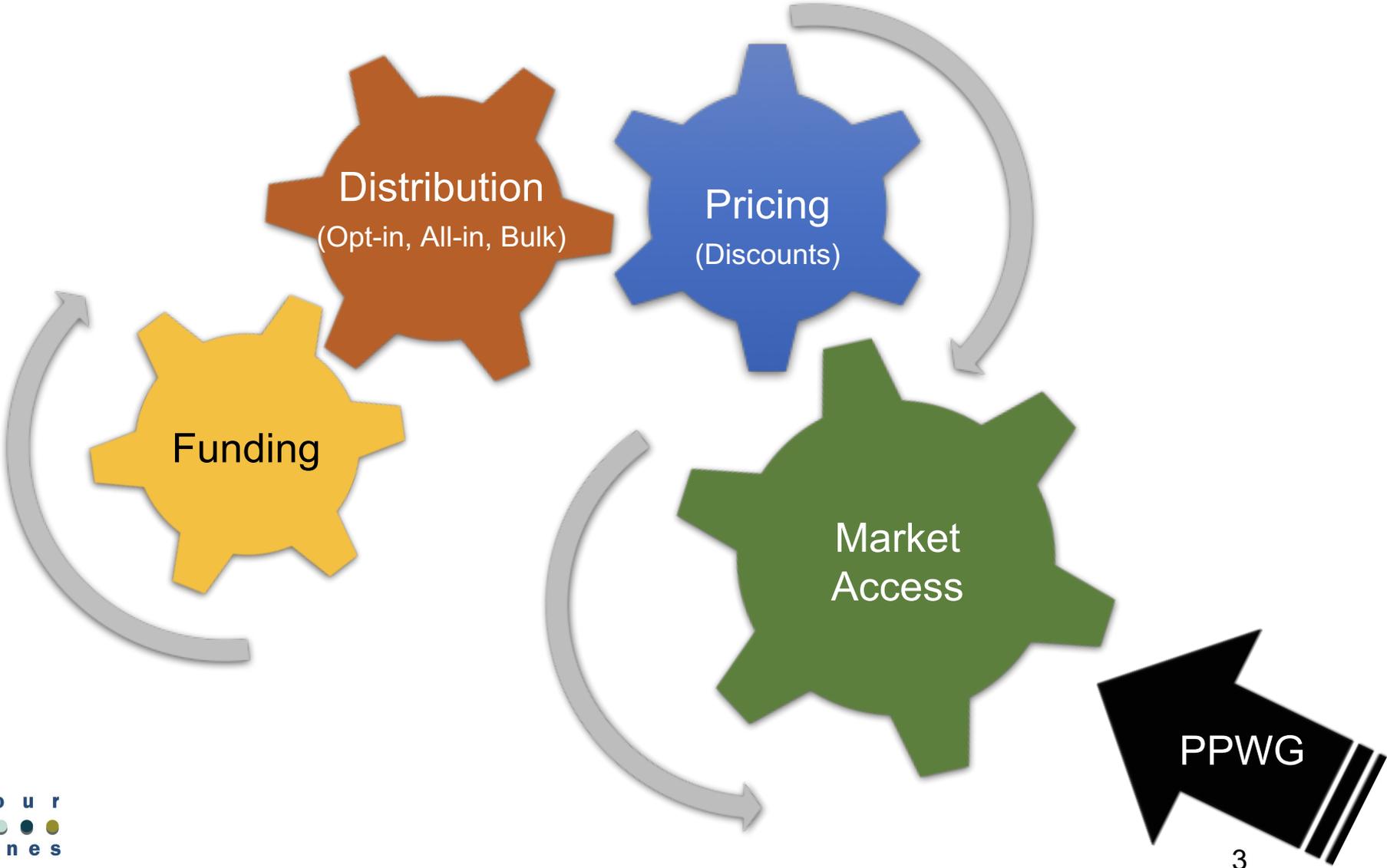
Meeting #4

July 25, 2017

Key Questions to Guide Development

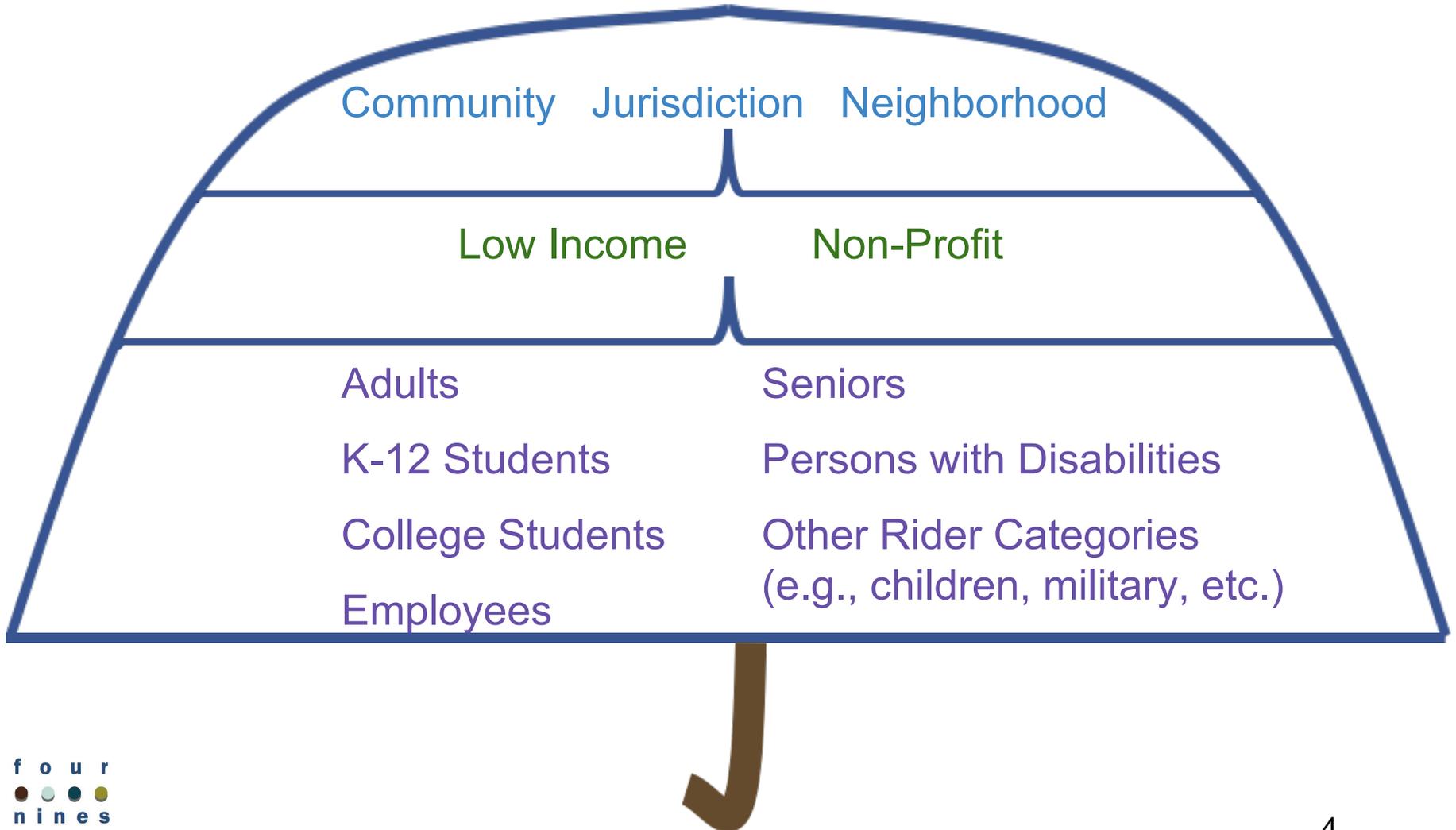
- ❑ Who is RTD trying to serve (e.g., K-12 students, employees, low-income riders, others)?
- ❑ What is the program trying to accomplish (e.g., affordability, increase transit mode share, mobility)?
- ❑ How should the program be priced (e.g., opt-in, all-in)?
- ❑ Should certain market segment(s) receive a discount? How do you prioritize who gets a discount?
- ❑ How will the program be funded? Who pays? How will the program be funded into perpetuity?
- ❑ How will the program be administered? Who will be responsible for which components of administration (e.g., eligibility, verification, distribution)?
- ❑ How does technology enable or constrain the feasibility of a program? What investments (e.g., in time and financial resources) would programs that are beyond RTD's current technological capabilities require?
- ❑ Is there another, simpler way to achieve a similar outcome?

Pass Program Elements



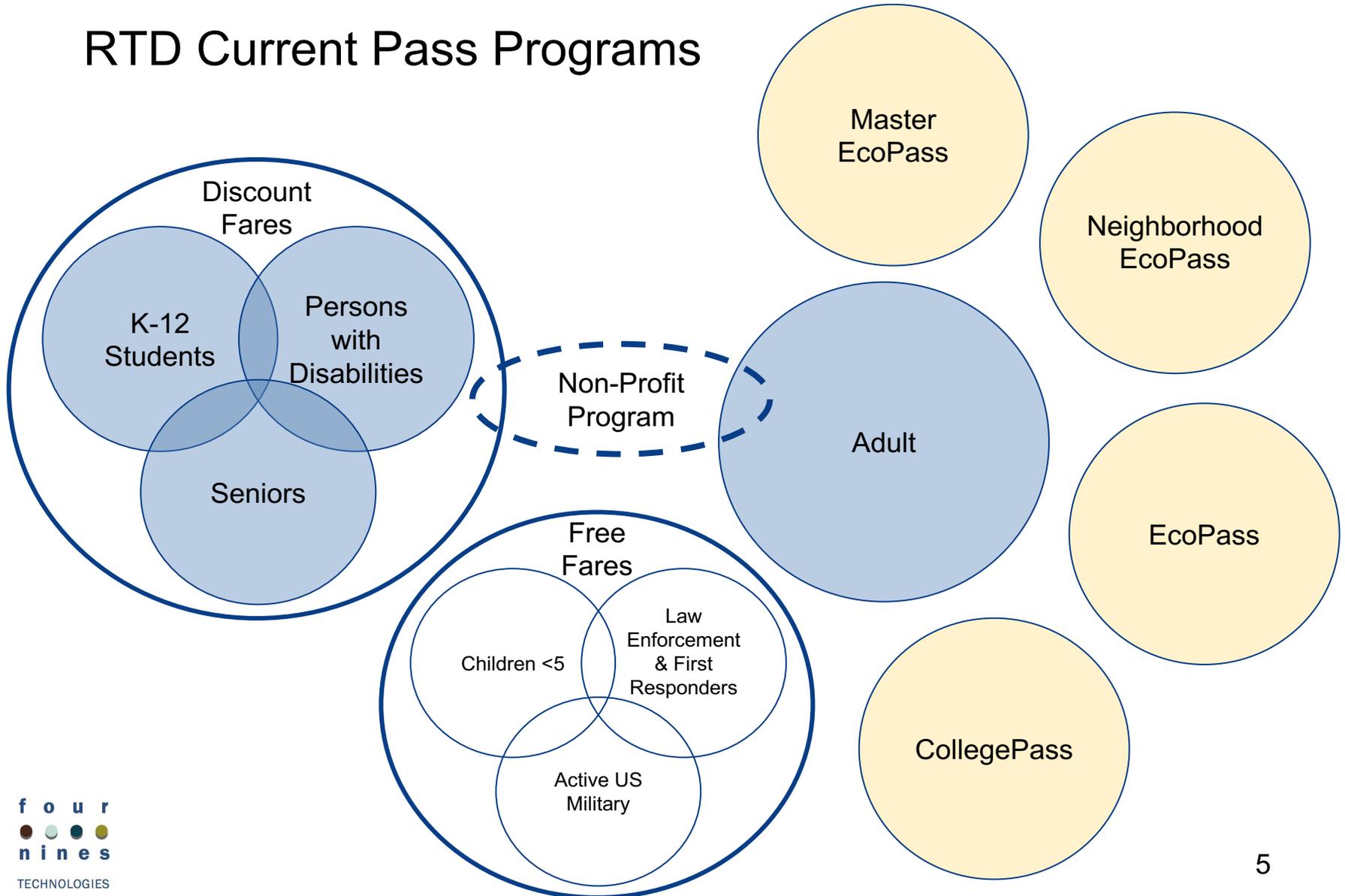
Market Access

RTD Service Area



Market Access

RTD Current Pass Programs



Pricing

Pay As You Go

Pros

Lowers cost per boarding since no discounts associated with pass products

Cons

Disincentivizes riders from traveling more if no convenient way to pay

Variation: pass accumulators - a hybrid of pay as you go and pass products by capping fares paid

Pass Products

Pros

Incentivizes passholders to travel more with pass; reward loyalty & freq riders

Cons

Affordability of monthly & annual passes can pose a financial barrier for riders

Variation: passes sold to organizations at full face value or discounted amount

Rider Category Discounts

Pros

Offer discounted fares to reflect ability to pay and comply with FTA half fares

Cons

Requires enforcement of eligibility, increasing administration costs

Variation: traditionally based on age (e.g., senior, K-12) or disability, but increasing interest in income

Time of Day

Pros

Incentivizes travel with discounts during off-peak when capacity is available

Cons

Does not address mobility needs for those who need to travel during peak

Variation: limit mandatory half fares for seniors & persons with disabilities to off-peak

Pricing

Bulk Sales

| | |
|------|---|
| Pros | Depending on distribution method, bulk sales can result in admin cost savings |
| Cons | Limited purchasing power of smaller organizations to purchase fares in bulk impacts access to discounts |

Variation: discounts based on organization type (e.g., Nonprofit Program), not based on quantity

Subsidy / Fare Buy Down

| | |
|------|--|
| Pros | Incentivizes ridership by lowering fares through sponsorship or fee assessed to riders & non-riders to cross-subsidize |
| Cons | Important to ensure sufficient funding to prevent impact on operating budget |

Variation: sponsor purchases fares at full price and provides discount (or free) to rider (e.g., EcoPass, Neighborhood EcoPass, NonProfit Program)

Universal Free Fares

| | |
|------|---|
| Pros | Incentivizes ridership |
| Cons | Important to ensure sufficient funding; impact of free fares on perceived value/ownership; increased ridership during peak when capacity is limited |

Variation: limit free fares to select populations (e.g., low income youth) to achieve specific goals

Introductory Promotions

| | |
|------|--|
| Pros | Target new riders; incentivizes ridership by lowering fares |
| Cons | Limited success creating new long-term riders; incentive needs to be long enough to create habit |

Variations: promotions to introduce new fare media; promotions for new residents, employees, etc.

Option Development

- ❑ What markets would have special pass programs?
 - ❑ Who should RTD be trying to serve (e.g., K-12 students, employees, low-income riders, others)?
 - ❑ What would program be trying to accomplish (e.g., affordability, increase transit mode share, mobility)?
- ❑ What pricing models would be used for the different pass programs?
 - ❑ Should certain markets receive a discount? How do you prioritize who gets a discount?
- ❑ How would distribution be handled for the different pass programs?
- ❑ Are there obstacles to this option?