

RTD – PASS PROGRAM WORKING GROUP

September 19, 2017

Meeting Summary

Meeting Objectives:

- Review subgroup work
 - Modify options and elevate the best three to the testing phase
 - Explore the legal/technical definition of Equity
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I. Input from Members of the Public and Interested Stakeholders who are Not Members of the Working Group

- It is good to see that this group is working to address the travel needs of young people and students
- Look to the regions that have already done work to meet those needs – Oakland, Portland, Ft. Collins
- It is important that the working group remain mindful of the state statute that created the Regional Transportation District. In the statute, RTD was created to assist those who are transit-dependent and to relieve traffic congestion

II. Options – Finding Three Ideas for Testing

The following are the three that will be tested for the October 24 meeting:

OPTION B

General Public

One card – easy to reload, easy to use – 3-hour-window for a single trip – no transfers and no paper; volume discount – the more value you load, the lower the price [See NYC] – a 5% bonus if you load \$5.00 is one way to test this option, but the working group is looking for a test of a high-medium-low level for the dollar threshold and the discount. Because everyone uses the same card, there is no discount for using the card, only for the volume – aim toward a future of contact-less travel (the credit card you use to buy transit service replaces the need for an actual card).

Fare Products

One card; the goal is an automated system that allows a rider to select a day pass on a stored-value card (with a cap when the technology is available); kiosks at many locations – Walmart, train stations, bus terminals, libraries and other civic buildings... as many as possible – no cash

Senior/Disabled Discount

50% off for any product RTD offers

Youth Discount

50% off for all young people – 17 and under or in high school (someone who is 18 and still in high school would qualify); 5 and under continue to ride for free

Low-Income Discount

Low-income discount of 50% for those at 138% of federal poverty level (because of ease of administration at the county level given that this is the same level used for county and state-managed benefits); this appears as the same card, it just takes money off at half the speed of the card owned by a regular rider; either outside entity verifies income (county social service agencies) or self-certification.

Employers and College Programs

A MyRide (or new name) account can have an unlimited number of cards assigned to it; the account administrator can easily load value onto newly assigned cards; once the stored value on an individual's card drops below a certain threshold, the employer or college or organization can top up the card; additional value can automatically be added to the card and charged to the account holder's credit card; Individuals can load the same card that the organization provides [Note: can we assess the willingness of business owners to fund individual cards through a focus group or other research?]

Individual Passes

Yes – that's the essence of this option

Bulk Sales

Bulk sales are allowed and large number of cards can be sent to an agency with pre-loaded amounts. There is no discount associated with bulk sales.

OPTION C

General Public/Fare Products

Day Pass for a 24-hour period; Can pay for a day pass with smart card; Move to daily cap when the technology makes that possible and keep the Monthly Pass – No Value Pass – test a 2-hour window for unlimited travel – paper products are still necessary.

Pass/Fare Discounts

Day and monthly passes are priced to provide limited discount for passholders. For example, day passes could be priced at 2 times the cash fare and monthly passes could be priced at between 20 and 38 times the cash fare to account for the average number of working weekdays per month (21-22 days) and 2 trips per day. There would be three tests – a high, medium and low – that sets the monthly pass cost between 20 and 38 trips for that month.

RTD would transition from the existing day pass to a day pass with a cap as technology makes that possible and will move to a rolling 24-hour period beginning at the time of purchase. If I go to work on Monday at 9am and then 8am on Tuesday that's in the 24-hour period. Transfers are eliminated. Fare payment provides unlimited use for 2 hours (for the same or lower service classes).

Stored value discount for MyRide customers is retained. Currently, MyRide customers receive \$0.25 off the full fare and \$0.15 off the discount fare (for seniors, individuals with disabilities, and youth).

Senior/Disabled Discount

50% discount on everything

Youth Discount

50% off for all young people 6 to 17 and under or in high school (someone who is 18 and still in high school would qualify). Five and under are free.

Low Income Discount

A 50% discount for those at 138% of federal poverty level– because of ease of administration at the county level given that this is the same level used for county-managed benefits; Test 50% at 138% so that all three options have the same low-income program. [However, post-test, it will be useful for the PPWG to discuss whether we serve the guiding principles if RTD implements the 50% for 150% or offers a lower discount for a larger group, something on the order of 15% discount for everyone at 200% or the federal poverty level.]

Employer and College Programs

The program for employers and colleges is based on actual utilization. RTD could measure real ridership for each employer or institution and charge the organization monthly in arrears for all rides provided through the institution's passes or once the stored value on an individual's card drops below a certain threshold, the employer or college or organization can top up the card; additional value can automatically be added to the card and charged to the account holder's credit card; the price includes the \$.25 smart card discount. No other discount applies. This assumes that RTD can successfully bill and collect from all of these individual organization – that the automated billing and collection make this possible administratively. Nothing in this option should eliminate the ability to use pre-tax dollars (flex pass)

Bulk Sales

The general public, organizations, and employers would have the ability to purchase fares and passes in bulk – no discount.

Option E: Improve What We Have

Make improvements to the existing pass pricing systems. Focus on what parts need changing and fix those rather than a complete repeal and replace.

Three components

I. Insurance Model – Keep unlimited use, annual passes based upon the all-in concept

- A. Expand program to include schools – year-round pass
 - a. School program would mimic the business Eco Pass. Schools would be priced based upon the Service Level Area in which the school is located and the size of the school, in terms of # of students; shift in year-two to actual ridership
 - b. Individual schools could join the program or an entire district could join
 - c. Administration of the program – creating passes, replacing lost passes, terminating old passes, etc – occurs at the school level from school staff – Taking on this program is a school district decision
 - d. Goal – revenue neutral
- B. Annual pricing based upon actual use from previous year times a discount. Discount is set such that all-in programs are revenue neutral to RTD.
 - a. This is the same model that was developed and adopted by the RTD Board in 2009. Essentially for each SLA and each size revenue is calculated by: $[(\text{Local boardings} \times \text{posted local fare}) + (\text{Regional boardings} \times \text{regional fare}) + (\text{Local boardings} \times \text{posted local fare})] \times \text{Discount}$
 - b. Discount recognizes the “found” revenue resulting from several phenomena of the all-in model, roughly shown here from highest to lowest impact:
 - i. **Induced Ridership** – Unlike any other fare product, Eco Pass holders do not self-select on the basis of regular, frequent ridership. Employers must pay for 100% of eligible employees when only about 5% of the metro-area trips are made on public transit. The program increases ridership by putting passes in the hands of tens of thousands of people who initially expected never to use transit.
 - ii. **Upfront Revenue** – Unlike all other fare media, EcoPass employers pay for their employee's rides in advance a full year at a time, improving RTD's cash flow. For fare revenue year 2016, close to \$47 Million was paid to RTD in the form of Eco Pass contracts in 2015.
 - iii. **Shifts Administrative Cost to Employers** – Over 1,000 EcoPass program managers administer the program, including disseminating and tracking passes.
 - iv. **Operational Improvements** – Significantly decreases boarding time, leading to higher average travel speeds. This increases on-time performance and can even allow for higher scheduled frequencies with the same number of buses.

- c. The Discount should be set such that the all-in pass program is 'revenue neutral' to RTD. Said another way, if new 1,000-person business or neighborhood joins the program RTD should not lose revenue.
 - C. Neighborhoods have access to a flat, first-year per household price – no grandfathered neighborhoods – every neighborhood uses this program regardless of their existing neighborhood pass.
 - a. Use the average of the existing price/HH for all neighborhoods in each of the four SLAs – A, B, C and D. Neighborhoods are assigned one of these prices based on their location.
 - b. If no neighborhoods exist in C and D, take A and B averages and increase them based on the increase to the per employee price of the business program.
 - c. Contract could be established such that if usage turns out to be dramatically higher than the flat, first-year pricing (say >20%) the second-year price would be set to offset this loss of revenue to RTD.
 - D. Charge an "access fee" to each pass holder to create revenue for programs to increase equity.
 - a. To address the concern that many low-income individuals do not have access to all-in type programs, assess a fee of \$5.00 per pass per year to every issued Eco Pass. There are about currently about 335,000 Eco Passes so this would result in about \$1.5Million annual. Approximately \$1 Million annually would be used to cross-subsidize the Low-Income Program (discussed below). Approximately \$500,000 annually would provide support for new neighborhoods overcome the administrative and logistical challenges of starting a new neighborhood program.
- II. Low-Income Program** – Provide a Special Discount Card to individuals within 138% of Federal Poverty Level (FPL).
- A. Use county-based human service agencies for income verification as currently done in the Non-Profit program.
 - a. Most human service agencies use the PEAK system for program verification. Clients input information including family size, age, number of dependents, home location, annual earned wages, annual benefits outside of wages, etc. The system then outputs the programs to which the client may access.
 - b. In Colorado, anyone within 138% FPL is eligible for food assistance, also known as SNAP, and Medicaid. Proof of eligibility of either of these programs would be brought to RTD offices to acquire a Special Discount Card (SDC) identical to the ones RTD offers to people with disabilities. For more details on this program see: <http://www.rtd-denver.com/DiscountFares.shtml>
 - c. RTD allows anyone to purchase discount fare products; eligible riders are responsible for purchasing their own fare products. Verification of eligibility of discount product use comes from the driver. At time of boarding, riders show their SDC to the driver. This is identical to the process used for those with a disability-issued SDC.
 - B. Move funds used for the Non-Profit program to the Low-Income Program.

III. Other Changes

- A. **Day Pass** – Similar to Options B and C, a day pass no longer has to be purchased at the time of the first boarding. Once two trips have been paid for in a 24-hour period, all additional trips in that period are free.
- B. **Transfers** – Similar to the Options B and C, eliminate transfers. Fare payment provides unlimited use for 3-hours (for the same or lower service classes).

IV. Clarifications in September Meeting

- Year 2 – Neighborhood program – price goes to actual usage (adjusted for any discount that continues beyond Year 1)
- Discount for each insurance model – Test high, medium, low – 10-20-40%
- Stored value discount stays the same
- 3-hour window for single trip
- 38 on monthly pass
- Value pass – same
- Technical Assistance – continues

III. Modeling

Q: Can we see the assumptions?

A: Yes, a document with the modeling assumptions will go to the PPWG as a separate document before there are any modeling results.

Q: If any participant's organization/constituency has collected information that can help inform the modeling assumptions, can we offer that information?

A: Yes, of course, send anything and everything you think useful to Laura and Mike

Q: Can the model produce optimal discount levels (the level of discount that maximizes both ridership and revenue) as an output?

A: Unfortunately, no. The model uses discounts as inputs, but the group has provided ranges in some cases for testing so the group can see the implication of changing the level of discount in some of the options

Q: Does the model incorporate the role of price in determining travel choice?

A: Yes, among the inputs and assumptions are price elasticities that attempt to account for how sensitive any group of riders will be to changes in price

Q: Does the model help illuminate the fact that rider behavior is different along a continuum from having to find exact change for every ride on one end, and have a pass that someone else pays for on the other?

A: Yes

Q: Will there be a test of "A"?

A: Yes and No – Yes, a version of A will be tested as a baseline. In that version of A, no discounts exist, however, the programs (such as an employer program and a college program) will continue to exist and the base fare will apply to every program and to every rider. No, the version of A that eliminates every program will not get a test.

IV. Equity Analysis [Note: given post-meeting questions, expect a written clarification from the presenter]

- A fare change constitutes any type of increase or decrease to existing fare options. It also includes the creation or elimination of fare options or policies that could affect a transfer.
- Conducting a fare equity analyses prior to implementing fare changes is to determine whether the planned changes will have a disparate impact on the basis of race, color, or national origin and/or whether low-income populations will bear a disproportionate burden of the changes.
- The transit provider shall analyze any available information generated from ridership surveys indicating whether minority and/or low-income riders are disproportionately more likely to use the mode of service, payment type, or payment media that would be subject to the fare change
- Transit Provider shall analyze information generated from ridership surveys, determine the number and percent of users of each fare media being changed, review fares before and after the change, and compare the differences for each particular fare media

Impacts on Minority Populations

- Disparate Impact Policy Example: Statistical significance is deemed a +/-5% difference between the impacts of the fare changes before and after on minority passengers compared to the impacts borne by non-minority passengers
- The transit provider shall develop a policy for measuring disparate impact to determine whether minority riders are bearing a disproportionate impact of the change between the existing cost and the proposed cost; the impact may be defined as a statistical percentage; the disparate impact threshold must be applied uniformly, regardless of fare media

Impacts on Low-Income Populations

- The transit provider shall develop a policy for measuring the burden of fare changes on low-income riders to determine when low-income riders are bearing a disproportionate burden of the change between the existing fare and the proposed fare.
- At the conclusion of the analysis, if the transit provider finds that low-income populations will bear a disproportionate burden of the proposed fare change, the transit provider should take steps to avoid, minimize or mitigate impacts where practicable; the transit provider should describe alternatives available to low-income populations affected by the fare changes

Decision-Making

- The agency will determine the percentage and absolute change in the fare change. The agency will conclude what this change means for riders' ability to utilize the system and the incurred costs or savings
- The governing entity or official(s)'s must be aware of and approve the equity analysis for any service or fare changes