RTD – PASS PROGRAM WORKING GROUP

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.
   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.
   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.

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: [(Local boardings*posted local fare) + (Regional boardings*regional fare) + (Local boardings*posted local fare)] * 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. Mode Shift – 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.
   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).