



**We Make Lives Better
Through Connections.**

Systemwide Fare Study and Equity Analysis

Equity Feedback Panel Meeting #2

July 13, 2022

**RTD FARE STUDY
& EQUITY ANALYSIS**

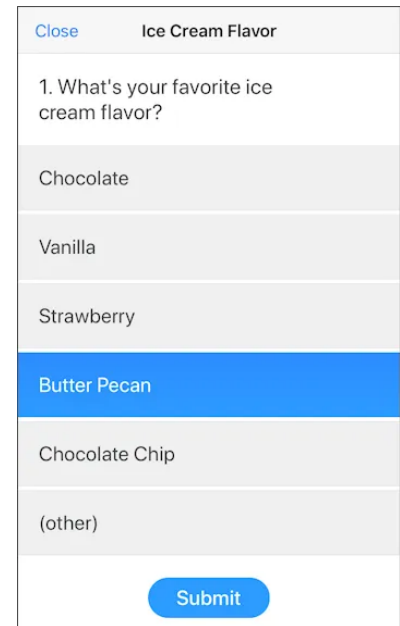
Agenda and Interpretation

- Interpretation Needs and Instructions

- Agenda:
 - Agenda Review, Meetings Instructions
 - Land Acknowledgement and Safety Moment
 - Presentation:
 - ▶ What is the study?
 - ▶ What have we heard so far?
 - ▶ How are fare alternatives being evaluated?
 - ▶ What is being considered?
 - Discussion on Conceptual Fare Options
 - Next Steps and Staying Engaged

Meeting Instructions

- Ensure your Zoom Name includes your organization
- All participants will remain muted unless called on. Please raise your hand if you wish to ask a question or provide input.
- Meeting observers will be muted throughout, leaving discussion time for Feedback Members
- We will **informally poll** the group. When we poll, a pop up will appear on your screen like this. Each question will allow for just one answer. After you've selected ALL of your answers, click on the "*Submit*" button.
- **Chat box for Feedback Panel Members** – Feel free to enter a question or comment in the chat box. The project team will be monitoring questions and may answer your question with a typed answer or out loud. If the chat box submissions become uncivil, we will remove the function. Observers, please leave the chat box open for Feedback Panel members, submit your comments on the website: www.rtd-denver.com/forestudy
- If you are joining by the phone only: "*6" will mute/unmute you; if you want to share questions or comments, please press a button on your phone and the facilitator will add you into the list of those interested in speaking.
- If interpretation desired, there is a globe icon at the base of the Zoom window



Close Ice Cream Flavor

1. What's your favorite ice cream flavor?

Chocolate

Vanilla

Strawberry

Butter Pecan

Chocolate Chip

(other)

Submit

Land Acknowledgement and Safety Moment

What is the study?

Study Overview and Goals

RTD FARE STUDY
& EQUITY ANALYSIS



RTD Systemwide Fare Study and Equity Analysis



Study Overview

Why is RTD conducting another fare study?

- To explore simplifying fares to:
 - Make RTD services more equitable and easier to understand
 - Align fares with service value provided
- To consider lowering fare revenues to accomplish broader affordability and ridership goals

What is the study timeline?

Spring 2022	Summer 2022	Fall 2022	Early 2023	Spring 2023	TBD
Gather feedback on current fare structure	Share/gather feedback on conceptual fare structure options	Share/identify trade-offs between alternatives	Formal public comment and hearing on recommended fare structure	New fare structure decision by Board	New fare structure implementation begins



Current Stage

Systemwide Fare Study Goals



Equity

- Support transit reliant/financially burdened customers
- Provide equitable and fair access to fares, products, and discounts
 - Regardless of race, color, national origin, income status, and for other marginalized communities



Affordability

- Align fares with the value of the service received



Simplicity

- Make fares easy to understand,
 - With standardized discounts and streamlined fare payment options

Fares

What is a fare?

It is a fee paid by a passenger for use of a public transit system

What are fares used for?

Fares contribute to operating the transit system

Do fares cover the cost of the service?

Fare revenue does not cover the cost for RTD to provide a ride

What have we heard so far?

Engagement Activities and
New Feedback from Engagement Milestone #2

Engagement Activities

Milestone #1



Website, Study Materials, and Social Media

- 2,000+ unique views of website and 36,000+ social media impressions
- Spanish webpage
- Fact sheets in four languages



Customer and Community Meetings

- Virtual Zoom meetings
- 100 attendees
- Conducted in English and Spanish



Community Partner Focus Groups

- Led by six community partners
- 100 participants
- Conducted in English and Spanish



Feedback Panels

- Three virtual Feedback Panels: Equity, Pass Programs, and Jurisdiction



Online Survey

- In-person surveys conducted by community partners
- 2,400+ respondents
- Survey in four languages



RTD Staff Interviews and Focus Groups

- RTD staff interviews
- Front-line staff focus groups

Milestone #2



Customer and Community Meetings

- Virtual Zoom meetings
- Over 100 attendees
- Conducted in English and Spanish



Feedback Panels

- Three virtual Feedback Panels: Equity, Pass Programs, and Jurisdiction



RTD Staff Update

- Inside Connections (internal newsletter)
- Facts-n-Snacks (internal presentation and Q&A)

Customer/Community Input from Milestone #2

- **Format:** Zoom webinar/meeting, with questions written in Q/A window or verbally asked, many answered verbally, and two polling questions asked
- **Participation:**
 - 6/23 English Meeting: 54 steady participants
 - 6/29 Spanish Meeting: 65 steady participants
- **Input Themes:**
 - Equity is important and people with less income should pay less
 - Equity populations include youth and young adults, and youth should have free fares
 - There is a concern about the value of a fare, especially when considering service reliability and safety/security
 - The EcoPass program should serve small business and essential workers
- **New Suggestions Not Identified During Customer and Community Meeting during Milestone #1:**
 - Expand access to EcoPass
 - Consider how immigration status impacts eligibility for discount fare programs
 - Communicate better the relationship between fares and RTD operational costs

**How are fare
alternatives being
evaluated?**

Five Elements of the Evaluation of Alternatives

- Customer and community feedback on fare alternatives
- Evaluation against the three fare structure goals established for the study: Equity, Affordability, Simplicity
- Fare modeling to determine pricing and project total ridership and revenue
- Fare equity analysis to identify potential adverse effects and benefits on minority and low-income customers per federal requirements (Title VI of the Civil Rights Act of 1964 and FTA)
- Consideration of operational, technology and capital impacts

**What is being
considered?**

What is being considered?

- Lowering fares
- Simplifying the fare structure (e.g., flat fare)
- Rewarding frequent customers by reducing Monthly Pass pricing, offering weekly fare cap instead of monthly fare cap, and/or reintroducing Annual Pass
- Streamlining and improving access to discount fares
- Leveraging technology to simplify fare payment
- Addressing challenges of unique subsets of customers (e.g., families, college students, airport employees)

Implementation underway:

- Introducing fare capping with new fare collection system
 - Introducing real-time access to MyRide stored value
-
- Exploring pass program simplification and expansion while maintaining utilization-based pricing
 - Promoting bulk pass purchases through new fare collection system
 - Simplifying Nonprofit Program
 - Implications of fare level changes on Access-A-Ride fares

What is not being considered?

Outside of the Scope of the Study

- Eliminating all fares
- Identifying new revenue sources (outside of fares)
- Reducing fare revenue through intentional pricing/policy changes, such that it results in service reductions
- Broadening discount eligible categories (e.g., pollution-impacted communities, increasing youth age to 26)

Difficult to Implement

- Setting fares at dollar increments
- Introducing rolling 24-Hour and 30-Day Passes
- Offering pro-rated passes for unused portion of pass

Being Considered in Other Ways

- Offering family fare product
- Introducing changes to the 3-Hour and Day Passes

Limited Interest

- Lowering fares midday and on weekends
- Pricing fares based on amenities

Discussion on Conceptual Fare Options

Conceptual Option

Lowering fares / simplifying the fare structure

Three Fare Structure Options for Lowering Fares

■ **Three reoccurring themes/suggestions related to lowering fares:**

- Lower fares
- Flatten the fare structure (e.g., eliminate Regional fare level)
- Reduce Monthly Pass price

■ **There are difficult tradeoffs between these conceptual options and need for prioritization**

- For example, flattening the fare structure limits the ability to lower the Local fare and may require an increase in the Local fare to minimize any impact on service levels

■ **Polling on the priority of these three themes/suggestions along with discussion will follow a presentation of customer feedback**

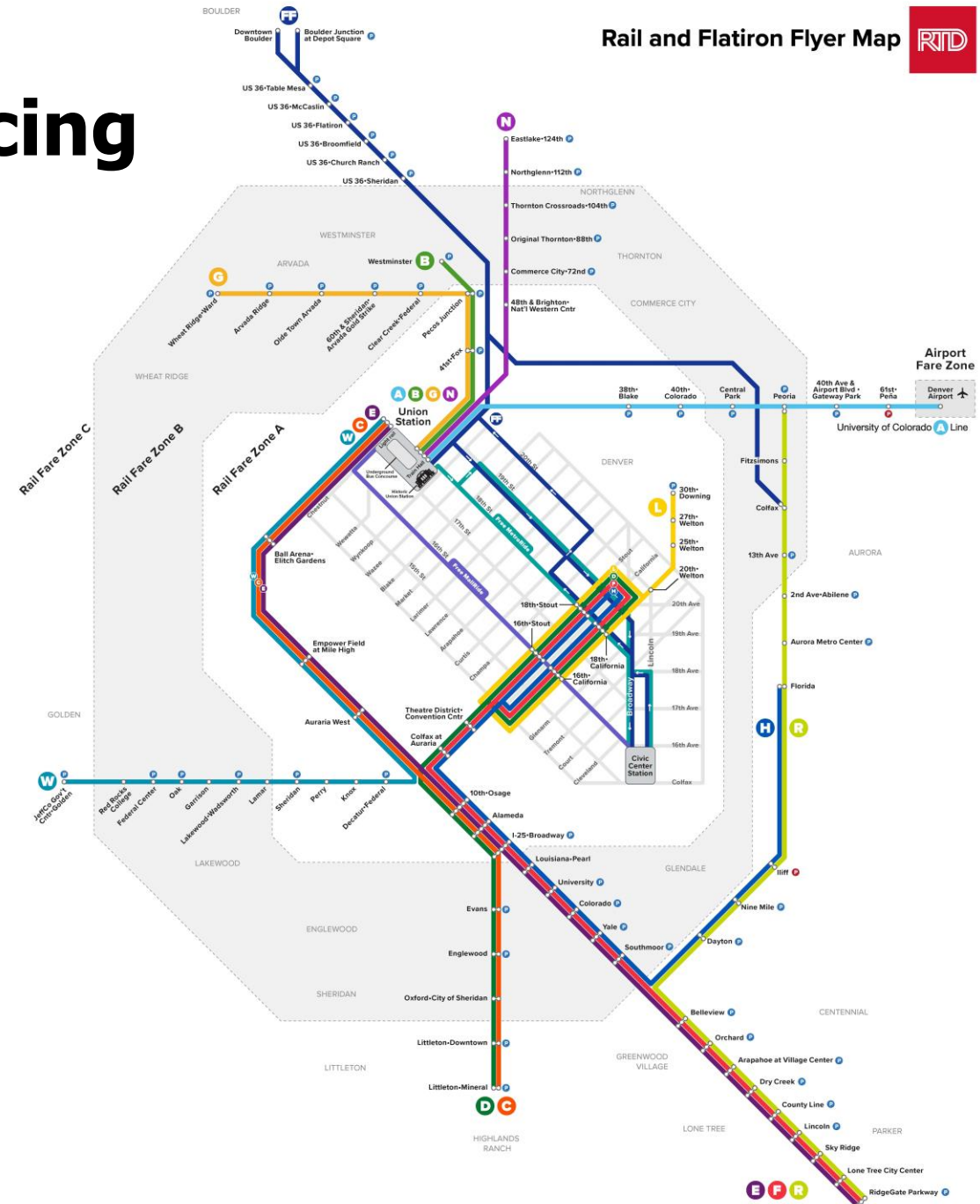
Current Fare Structure and Pricing

How does RTD price its rail and bus services?

- The RTD rail system is divided into four fare zones (A, B, C and Airport) with fares based on the number of fare zones traveled:
 - Local - \$3.00** travel in 1-2 zones
 - Regional - \$5.25** travel in 3 zones
 - Airport - \$10.50** trip originating or ending at the Airport
- Bus routes do not utilize zones; though some routes are distance-based, with higher fares on Regional and SkyRide bus routes. Shorter trips on these routes may only require a Local or Regional fare
- Day Passes are priced at 2 times the 3-Hour Pass, while Monthly Passes are priced at 38 times the 3-Hour Pass

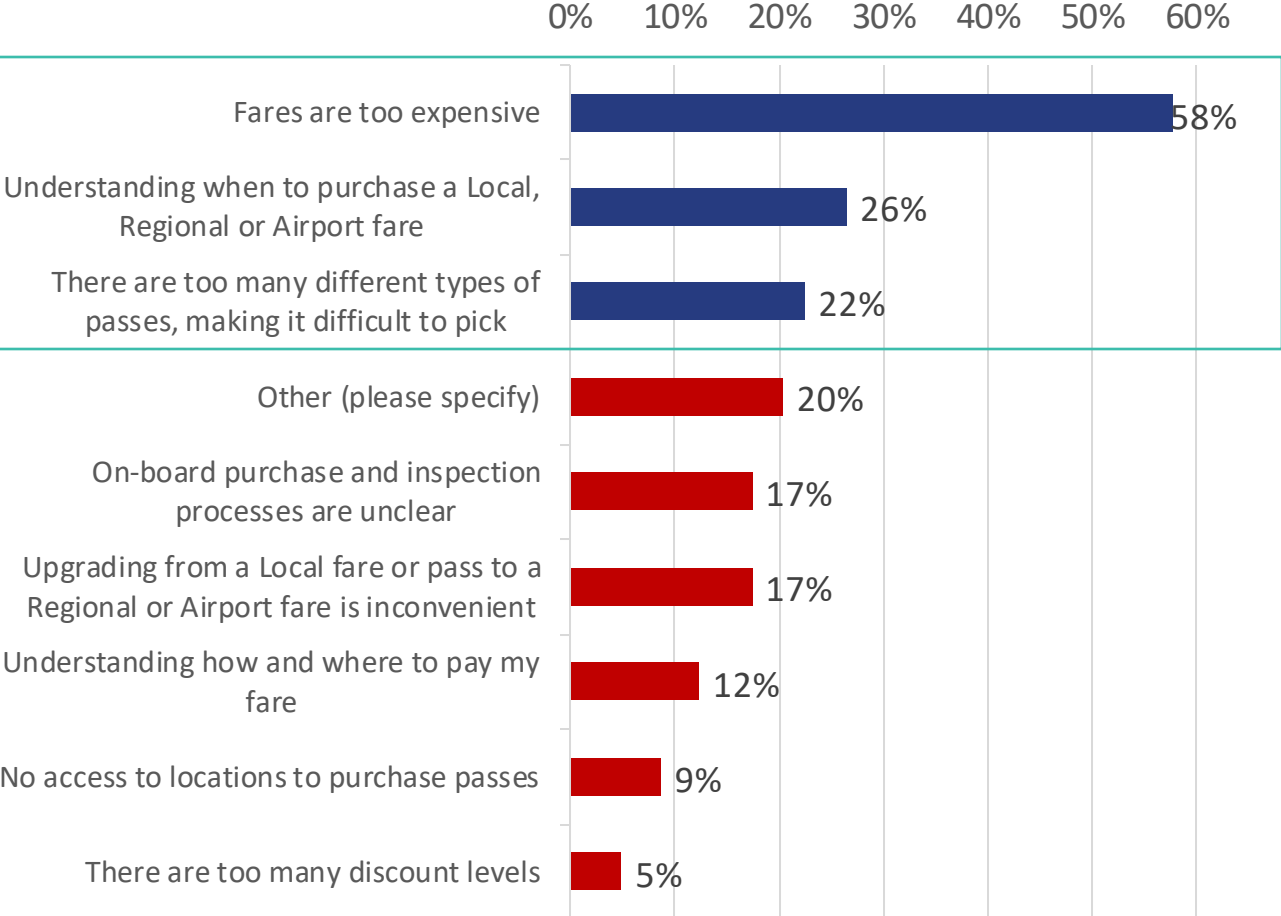
What we heard:

- Fares are too expensive
- The fare structure is confusing



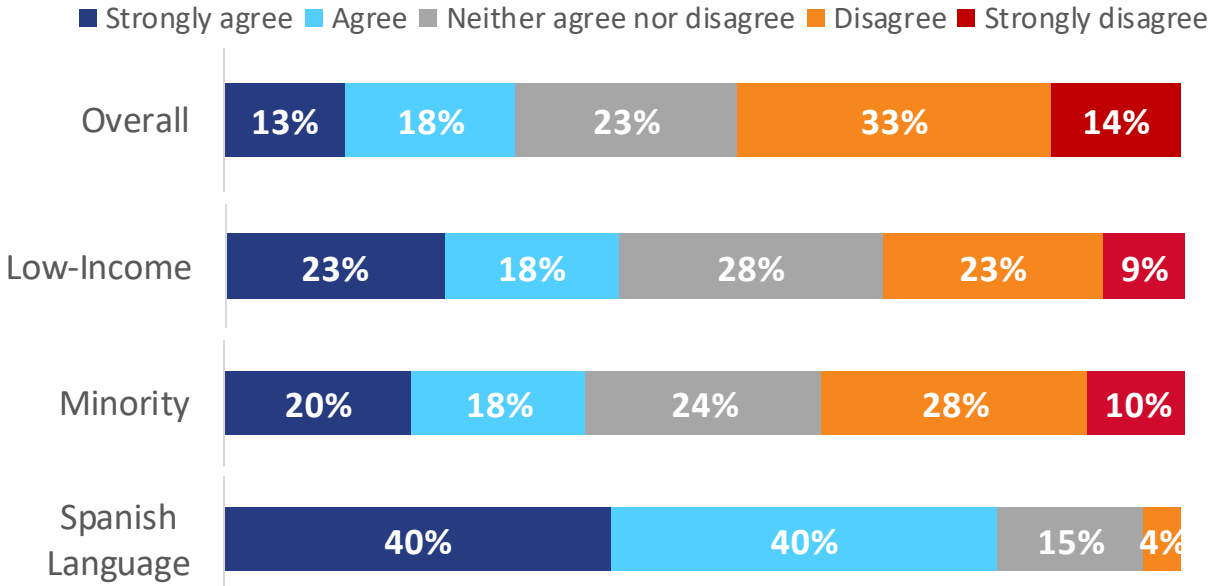
Lowering Fares

Q16 What are your biggest fare related challenges with riding RTD? Please pick your top three choices:



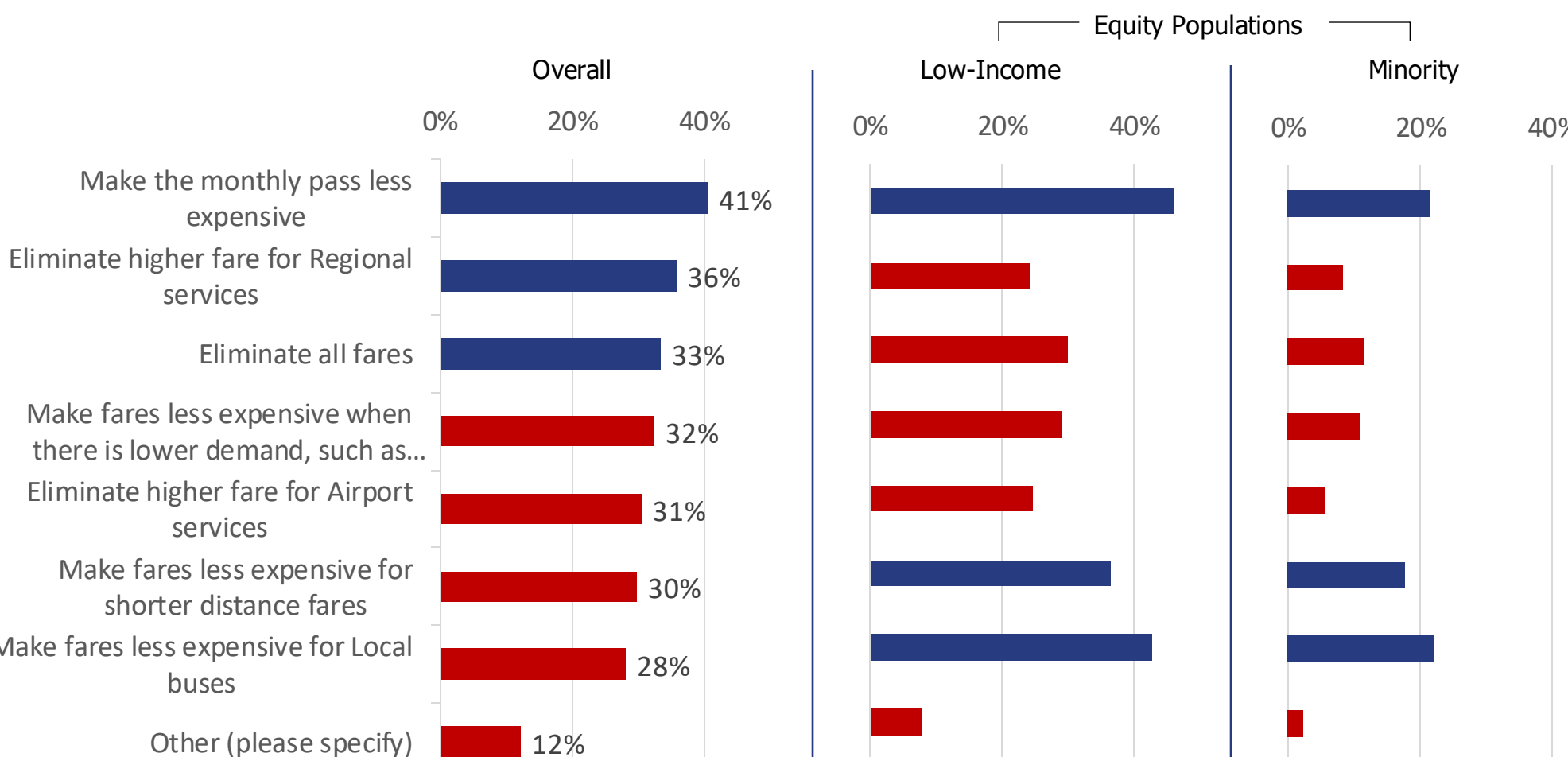
Q26: RTD fares should be more affordable, even if it results in less service:

Overall, a larger share of survey respondents disagreed. For these respondents, service is more important than more affordable fares. Equity populations, however, were more likely to agree with more affordable fares, indicating a price sensitivity of these customers



Lowering Fares and Monthly Pass Price

Q18 In the previous question [about how to improve RTD fares] you noted that you would like RTD to make fares less expensive, tell us how. Please pick your top three choices:



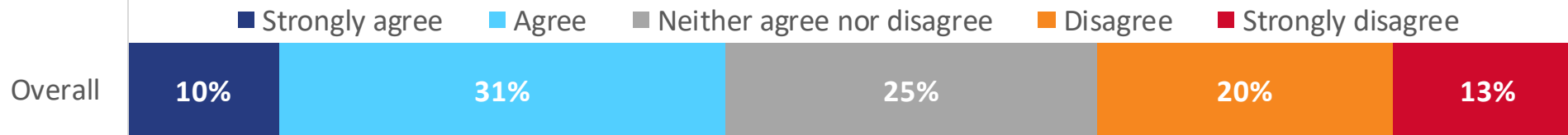
Top Choices for Overall Customers: make monthly pass less expensive, eliminate higher Regional fare and eliminate all fares

Top Choices for Low-Income and Minority Customers: make monthly pass less expensive and make Local bus fares and shorter distance trips less expensive

Simplifying the Fare Structure

- Received mixed feedback on whether to keep different fare levels or flatten fares

Q22: Customers traveling a longer distance (e.g., 10 miles) should pay more than customers traveling a shorter distance (e.g., 2 miles):



Larger share agreed that customers traveling longer distance should pay more

Q23: RTD fares should be based on service levels (i.e., Local, Regional, Airport) to reflect the cost of traveling different distances:



Larger share agreed that fares should be based on Local/Regional/Airport to reflect cost of traveling different distances

Q25: To make fares easier to understand, RTD should have the same fare for ALL bus and rail services regardless of how far you travel:



Larger share agreed with having the same fare for ALL bus and rail (i.e., flat fare)

Simplifying the Fare Structure

■ What we are considering:

- Retaining the current fare structure
- Eliminating distance-based fares on bus
- Implementing a flat fare structure with one fare for all bus and rail
- Implementing a flat fare structure with an airport premium

■ What are some of the challenges with fare structure simplification?

- Flattening fares disproportionately benefits rail customers, who are generally higher income
- Charging Regional and Airport customers the Local fare results in decreased fare revenue
- Loss in fare revenue may limit RTD's ability to lower the Local fare without negatively impacting service levels
- Lowering Regional and Airport fares may increase demand, thereby impacting capacity, dwell times and parking

■ What are some of the benefits with fare structure simplification?

- Maximizes ridership by making fares easier to understand
- Simplifies fare payment, collection and enforcement
- Reduces barriers for financially burdened customers to use higher priced services, increasing inclusivity and reducing the perception that rail services are for higher income customers

Polling / Discussion: Lowering Fares / Simplifying the Fare Structure

- Poll: **Pick the highest priority** of the following conceptual fare options for lowering fares:
 - A. Lowering fares
 - B. Flattening the fare structure (e.g., eliminate Regional fare level)
 - C. Reducing Monthly Pass pricing
- Discuss: Why did you prioritize one or put one slightly ahead of the others? What are the trade-offs between them?

Conceptual Option

Streamlining discount fares

Streamlining Discount Fares

■ What are the current discount levels?

Program	Eligibility	Discount
LiVE	<ul style="list-style-type: none">• Low-income	40%
Discount	<ul style="list-style-type: none">• Seniors 65+• Individuals with disabilities• Medicare recipients	50%
Youth	<ul style="list-style-type: none">• Youth ages 6-19	70%

■ What we heard:

- Discount fares promote equity
- Affordability of fares is a concern for equity populations – preference for more affordable fares even if it results in less service
- Confusion on which discount fare program to apply for and/or which discounted fare product to purchase
- Desire to increase LiVE discount level to align with Special Discount
- Interest in reducing the number of discount levels
- One discount level can simplify messaging and product sales

Streamlining Discount Fares

■ What we are considering:

- 50% discount for LiVE and Discount customers (retaining 70% discount for Youth)
- 50% discount for all discount-eligible customers (LiVE, Discount and Youth)
- 50% discount on 3-Hour Pass and Day Pass and 70% discount on Monthly Pass for all discount-eligible customers
- Flat fares for discount customers set at 50% of the Local fare while retaining current zone/distance-based fare structure for full fare customers
- Zero fares for youth

■ There is a need to consider trade-offs between the different discount fare options

- Depending on option, some discount groups will benefit while others (in particular Youth) may not benefit

Streamlining Discount Fares

Conceptual Option	LiVE (low-income)	Discount (seniors 65 and older, individuals with disabilities)	Youth (ages 19 and under)
A. 50% discount for LiVE and Discount customers (retaining 70% discount for Youth)	↑ discount	no change	no change
B. 50% discount for all discount-eligible customers (LiVE, Discount and Youth)	↑ discount	no change	↓ discount
C. 50% discount on 3-Hour Pass and Day Pass and 70% discount on Monthly Pass for all discount-eligible customers	↑ discount	↑ discount on Monthly Pass	↓ discount on 3-Hour and Day Pass
D. Flat fares for discount customers set at 50% of the Local fare while retaining current zone/distance-based fare structure for full fare customers	↑ discount	Local: no change Regional: ↑ discount Airport: ↑ discount	Local: ↓ discount Regional: ↑ discount Airport: ↑ discount

Polling/Discussion: Streamlining Discount Fares

- Poll: **Pick the highest priority** of the following conceptual fare options for discount fare customers:
 - A. 50% discount for LiVE and Discount customers (retaining 70% discount for Youth)
 - B. 50% discount for all discount-eligible customers (LiVE, Discount and Youth)
 - C. 50% discount on 3-Hour Pass and Day Pass and 70% discount on Monthly Pass for all discount-eligible customers
 - D. Flat fares for discount customers set at 50% of the Local fare while retaining current zone/distance-based fare structure for full fare customers
- Discuss: Which option do you like best and why? What are the trade-offs between them?

Conceptual Option

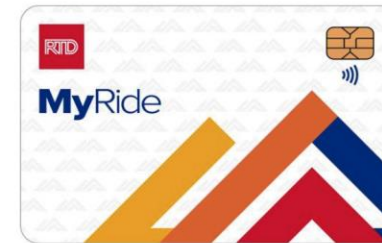
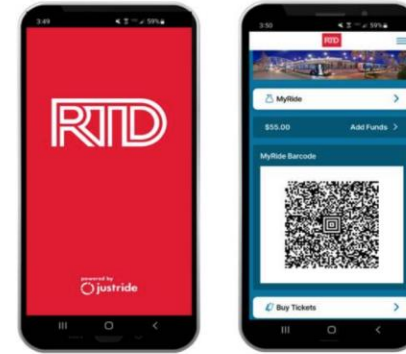
Addressing challenges of unique subsets of customers
(e.g., college students, airport employees)

Addressing Challenges of Unique Subset of Customers

- **Two reoccurring subsets of customers with unique needs/challenges identified in Milestone #1:**
 - Airport employees not covered by EcoPass
 - Students at colleges/universities not part of CollegePass
- With new ABT system, fare capping may alleviate fare-related challenges for airport employees, and ABT presents new opportunities for new pass options for students
- **Discussion questions for following the presentation:**
 - Airport employees not covered by EcoPass – Does the introduction of fare capping address the unique challenge for airport employees by eliminating the upfront cost of a Regional Monthly Pass?
 - Semester passes for students not covered by CollegePass – Should there be a semester pass offered by colleges and technical schools that individual students can opt into? Should a similar pass be available for K-12 schools? What are the challenges and benefits?

Account-Based Ticketing (ABT) System

- Upgrading the MyRide stored-value card system and the RTD Mobile Tickets App to an Account-Based Ticketing (ABT) system for fare collection
- Enhanced Customer Experience
 - The customer's account is updated in real-time, providing immediate access to funds
 - Customers can use a smart card or a mobile device
 - Fare capping ensures the best fare for the customer
- Preparing for ABT implementation and replacement of validators late summer/early fall



Fare Capping

■ What is fare capping?

- Fare capping is a fare policy that ensures customers always pay the best fare
- RTD will be implementing daily (service-day) and calendar monthly fare capping
- The fare collection system will automatically apply individual fare purchases towards a period pass



■ How does fare capping benefit customers, including airport employees?

- Daily and monthly fare capping will be available for discount customers, including LIVE participants
- Over the course of the month, customers using ABT will pay no more than the applicable Monthly Pass based on their travel patterns (i.e., airport employees would pay no more than the Regional Monthly Pass of \$200. This equates to 19 days at \$10.50 per RTD service day)

Discussion: Addressing Challenges of Unique Subset of Customers

- Airport employees not covered by EcoPass – Does the introduction of fare capping address the unique challenge for airport employees by eliminating the upfront cost of a Regional Monthly Pass?
- Semester passes for students not covered by CollegePass – Should there be a semester pass offered by colleges and technical schools that individual students can opt into? Should a similar pass be available for K-12 schools? What are the challenges and benefits?

Conceptual Option

Promoting bulk pass purchases through new fare collection system

Promoting Bulk Pass Purchases

- With new ABT system, RTD will have the ability to issue passes through the Partner Portal to both mobile ticketing and smart card accounts
- During Milestone #1, received suggestions to reintroduce bulk discounts similar to FlexPass previously offered to employers and to reintroduce the Nonprofit Program discounts
- Passes would not be priced as low as EcoPass pricing that requires cross-subsidization among recipients
- **Discussion questions for following the presentation:**
 - If a discount is offered, how would the discount be determined? How would it be justified? Should there be different discount levels based on organization type?
 - How would bulk purchases also benefit non-employers, such as community-based organizations, nonprofit organizations, and jurisdictions?

FlexPass

- Under FlexPass, employers could purchase Monthly Passes for individual employees with up to a 20% discount per Monthly Pass:
 - Up to 10% matching discount
 - + 5% discount if employer offers FlexPass on pre-tax basis
 - + 5% discount if employer purchases 200+ passes/month
- The average FlexPass discount was 15% with many employers offering further discounts to employees, including full subsidization of the pass
- FlexPass discounts were discontinued as part of 2019 fare change
- Employers are still able to purchase Monthly Passes but at no discount
 - With new fare collection system, employers will be able to also purchase Monthly Passes issued not only through RTD Mobile Tickets app but also on smart card

HB22-1026: Alternative Transportation Options Tax Credit

- Introduces new income tax credit to help subsidize transit in 2023 and 2024
- Offers employer income tax credit of 50% of the amount spent by the employer to provide alternative transportation options to its employees for 2023 and 2024 (up to \$2,000 credit per employee)

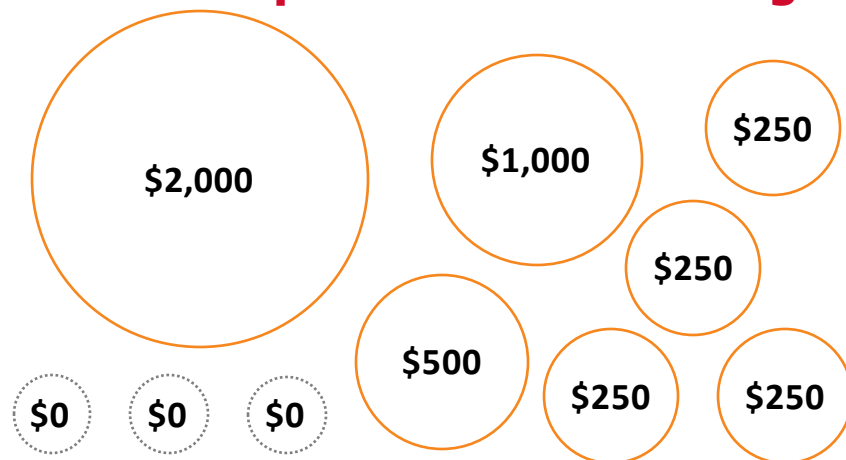
Nonprofit Program

- Prior to the 2019 fare change, the Nonprofit Program provided a 50% discount on bulk sales to certified 501(c)(3) organizations and social service organizations that provided assistance to low income and homeless individuals
- Following 2019 fare change, the Nonprofit Program allows organizations to purchase discount 10-Ride Tickets and Monthly Passes at face value (i.e., 40-70% discount off full fare depending on the discount category)
- Products issued require proof of eligibility at time use resulting in organizations purchasing full fare products since not all recipients have appropriate proof of eligibility to use a discount fare product
 - Purchasing full fare products reduces the purchasing power of the organizations
- While the new policy requiring proof of eligibility for Nonprofit Program fare products poses new challenges, there were notable administrative challenges with certifying and auditing organizations and with the program cap under the prior Nonprofit Program
- Demand exceeded capacity of the program cap of \$6.8 million in the face value of fare products sold, resulting in RTD limiting orders and creating a wait list

Pass Program (e.g., EcoPass) Pricing

- Pass Programs use utilization-based pricing. In other words, pricing is based on the cash-equivalent fare for the trips taken by eligible participants. There is no discount applied to Pass Program pricing
 - The Pass Programs require the employer/neighborhood/college to enroll ALL eligible participants, enabling cross-subsidization among participants, similar to insurance. Participants that use RTD less cross-subsidize those who use RTD more
 - While these passes appear discounted since on per individual basis they are less expensive than passes available to the general public, they are not discounted. They appear discounted because of cross-subsidization
- Pricing on bulk passes will never be as low as EcoPass pricing since for bulk pass programs an organization can select the individuals who receive a pass rather than providing a pass to everyone

Simplified Example of EcoPass Pricing



Cash-Equivalent Value of Trips Taken
Over Course of the Year: \$4,500

Number of Individuals Eligible: 10

Cost per Year: \$450 per Individual

Cost of a Year of Monthly Passes for Comparison:
12 Local Monthly Passes: \$1,368
12 Regional Monthly Passes: \$2,400

Discussion: Promoting Bulk Pass Purchases

- If a discount is offered, how would the discount be determined? How would it be justified? Should there be different discount levels based on organization type?
- How would bulk purchases also benefit non-employers, such as community-based organizations, nonprofit organizations, and jurisdictions?

Conceptual Option

Exploring pass program simplification and expansion while maintaining utilization-based pricing

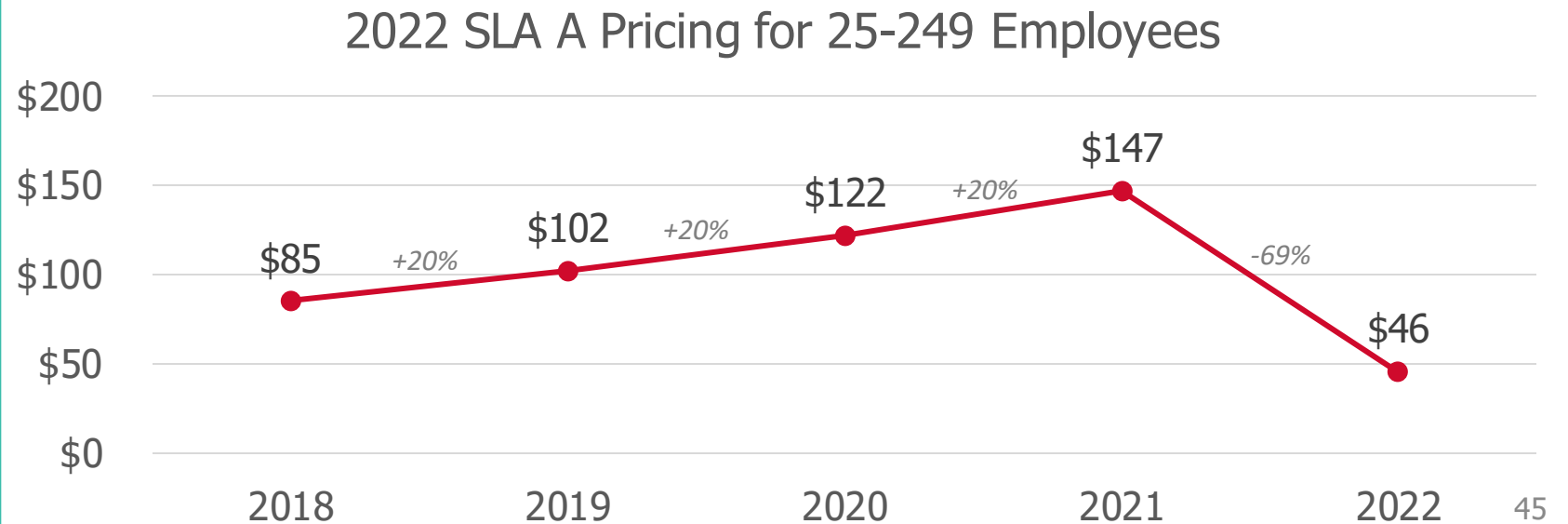
Exploring Pass Program Simplification

- RTD has three Pass Programs: Business EcoPass, Neighborhood EcoPass and CollegePass
- Changes in ridership due to COVID present new opportunities to explore simplification for Pass Programs but also pose new challenges as ridership recovers
 - During Pass Program Study, the opportunities for consolidation of service level areas (SLAs) and employer size groups (e.g., 1-24 employees, 25-249 employees, etc.) were limited without negatively impacting a greater share of employers
 - Pricing decreased significantly for most Pass Program participants in 2022 due to pricing now being based on 2020 ridership. Increasing pricing as ridership recovers will be difficult with pricing based on ridership two years in arrears
- RTD is exploring:
 - Opportunities for simplification, such as consolidation of SLA A (outer suburban) and SLA B (major transit centers) and/or consolidation of employer size groups
 - Pricing affordable housing using the LiVE fare
 - Strategies to stabilize Pass Program pricing to reduce fluctuations in pricing and increase pricing as ridership recovers
- **Discussion question for following the presentation:**
 - How could RTD stabilize pricing over multiple years, as ridership recovers, and ensure it works within the utilization approach?

Stabilizing Pass Program Pricing

- As part of the 2019 fare change, Pass Programs transitioned to utilization-based pricing based on ridership two years in arrears
 - Pricing increases were capped at 20%. Pricing decreases were implemented immediately
 - Current 2022 pricing is the first year that pricing is based on COVID ridership levels
- As ridership recovers, returning to pre-COVID pricing will take several years to phase in pricing increases under prior policy of capping increases at 20% per year

Example: with the transition to utilization-based pricing, the pricing for SLA A employers with 25-249 employees was capped at 20% per year until there was a significant decrease in pricing in 2022 due to the decrease in ridership in 2020 caused by COVID. Recovering from \$46 per employee in 2022 to \$147 per employee in 2021 prior to COVID will take over 6 years (recovering to even just \$85 per employee in 2018 pre-utilization-based pricing will take over 3 years)



Discussion: Stabilizing Pass Program Pricing

- How could RTD stabilize pricing over multiple years, as ridership recovers, and ensure it works within the utilization approach?

Next Steps

Next Steps

- Thank you for your time!
- Next engagement to discuss fare alternatives and tradeoffs between alternatives
 - Early Fall: Customer and Community Meetings; Online Survey
 - Late Fall: Feedback Panel Meetings
- Access past meeting materials, FAQs, the last feedback panel information, and additional resources by visiting the project website at www.rtd-denver.com/faresstudy

We Make Lives Better Through Connections.

