

Affordable Fares Task Force Recommendations

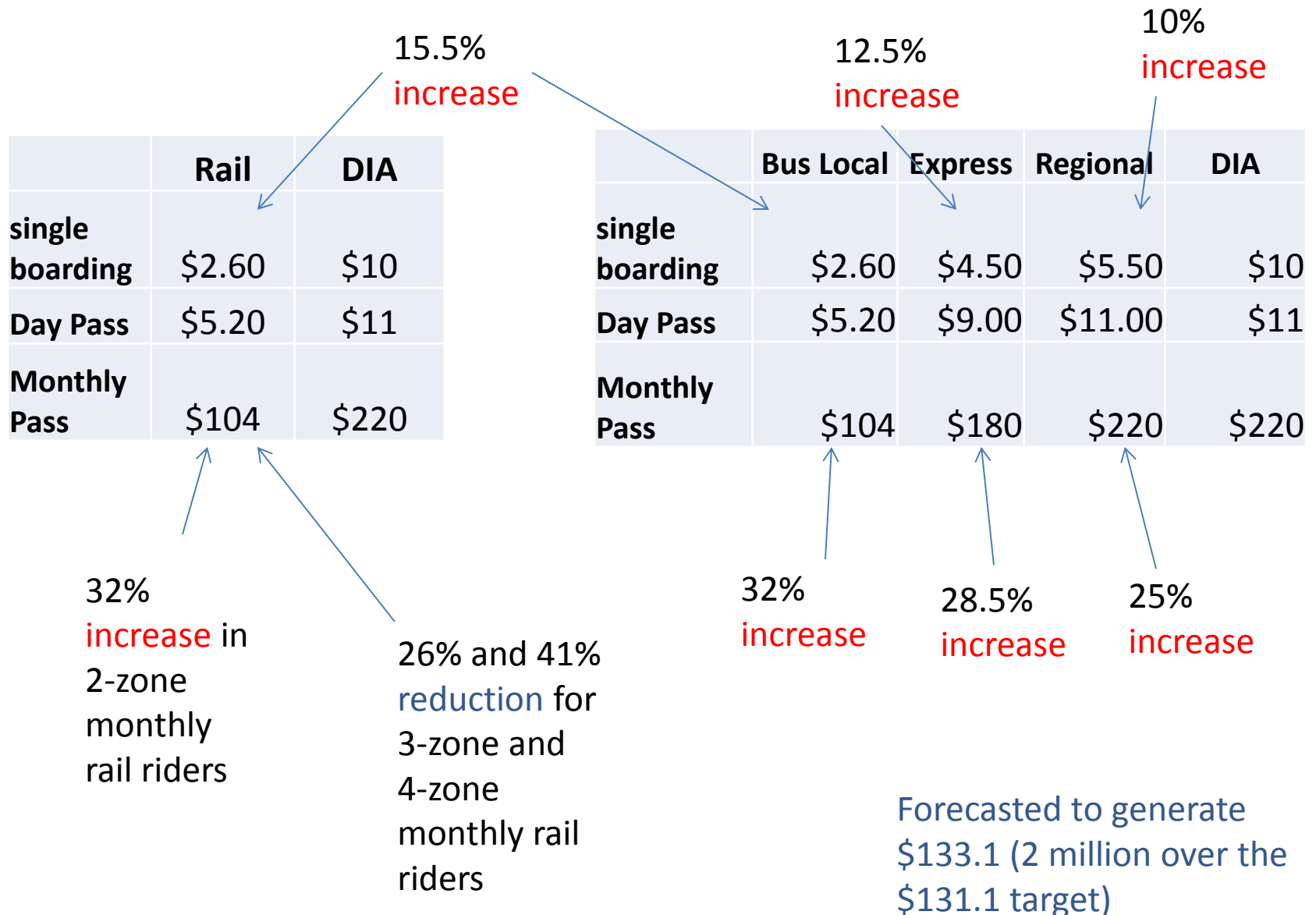
March 26, 2015

Low income individuals make up a disproportionate amount of RTD users.

	Percent of RTD riders	Percent of individuals in the district
Less than \$15K	26.8%	7.2%
\$15 to \$20K	6.2%	3.2%
\$20 to \$25K	7.1%	3.7%
\$25K to \$30K	7.9%	4.0%
\$30 to \$35K	6.2%	3.7%

Source: 2011 RTD Customer Satisfaction and U.S. Census 2012 PUMS

How Do the Current Recommendations Factor in Affordability and Equity?

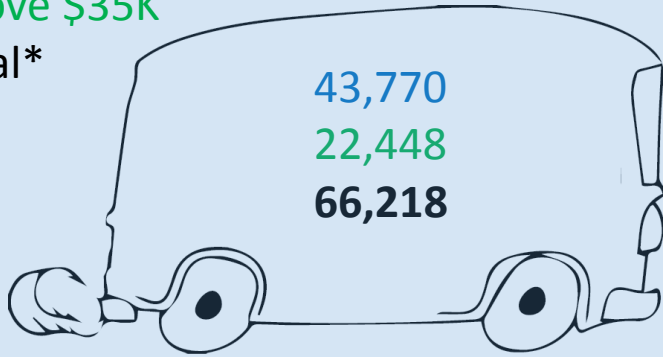


Less than \$35k

Above \$35K

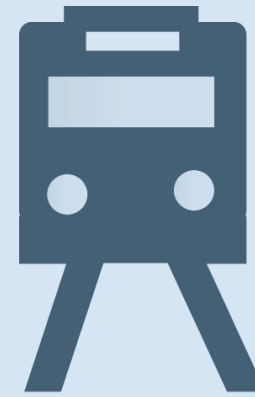
Total*

Local



\$2.25 to \$2.60

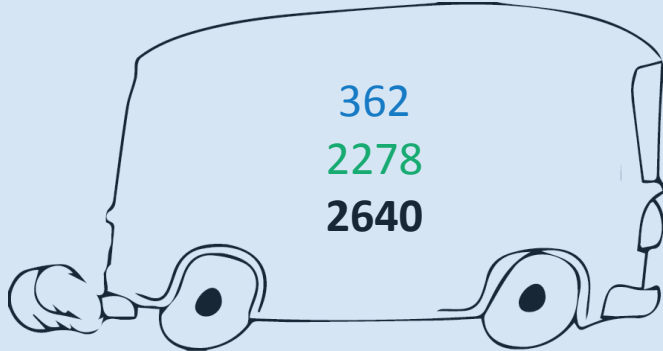
2-zone



\$2.25 to \$2.60

6,985
14,508
21,495

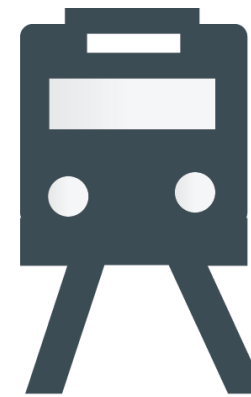
Express



\$4.00 to \$4.50

94% Low Income see a fare Increase
Compared to 72% upper income see a fare increase

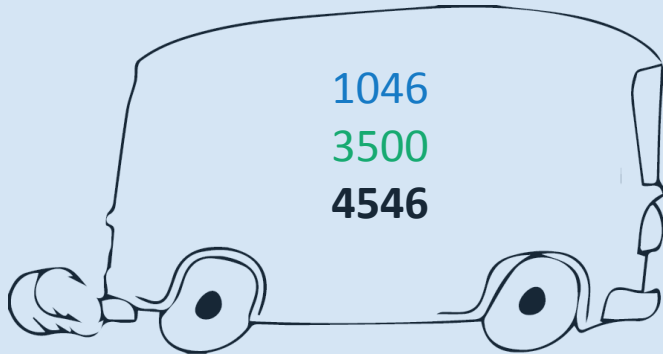
3-zone



\$4.00 to \$2.60

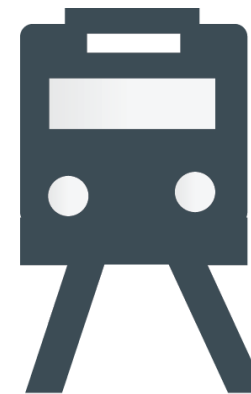
3,605
7,488
11,093

Regional



\$5.00 to \$5.50

4-zone



\$5.00 to \$2.60

676
1,404
2,080

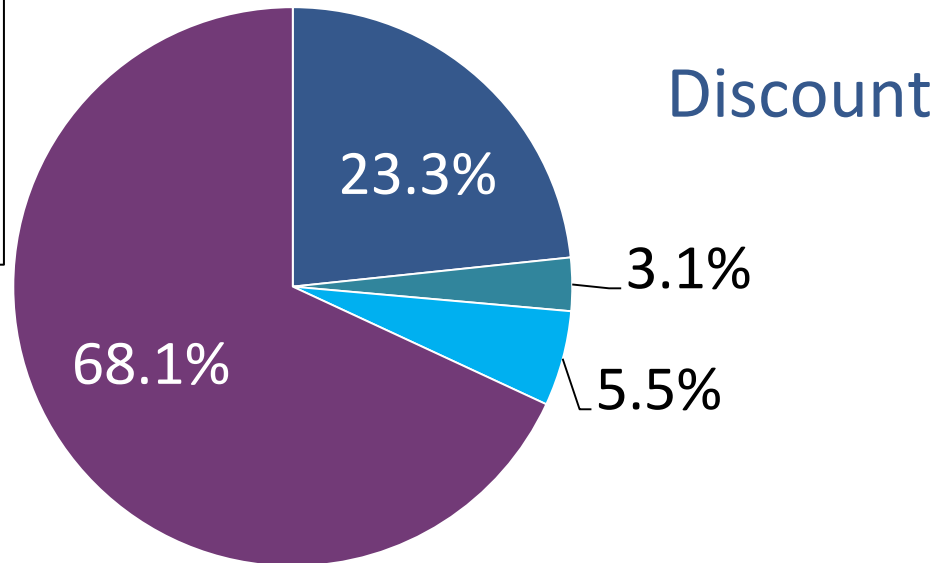
*Estimated users per day

Current Discounts Only Cover a Fraction of Rides Taken by Low-Income RTD Users

4,247,523 Rides a Month on RTD by Low Income Users

“That may be true but RTD does have a laudable program that provides more than a million reduced fare or free trips for low-income people every year.”

No
Discount



- Senior, Student, Disabled Discount
- Non-profit Discount Monthly Pass

- Non-profit Discount 10 Ticket
- No Discount

Expanding Current Non-Profit Program to Cover More Riders is Expensive

Current Non-Profit Program vs. Expanded Program

Current Non-Profit Reduced Cost Fares Program

	Cost to RTD	Cost to Non-profits
Participating non-profits carry burden of cost	\$2.1 million	\$2.8 million + administration costs

Expanding and Enhancing Non-profit Reduced Cost Fares Program

	Cost to RTD	Cost to Non-profits
If participating non-profits carry burden of upfront costs	\$18 million	\$25 million + administration cost (some clients might pay 20% of this)
If participating non-profits provide verification capacity	\$34- 43 million	Administration cost



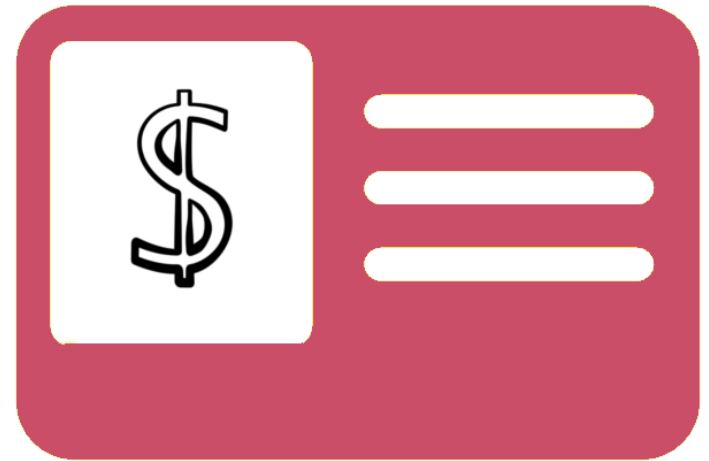
Students, ages 14-19: current student ID or proof of current school enrollment. Applies only to students in elementary, middle and high school



Seniors, age 65+: photo ID showing passenger's age, Medicare card or RTD-issued Special Discount Card



Individuals with disabilities: RTD-issued Special Discount Card or Medicare card



Income verification

You qualify for discount fare card if you are below 150% of Federal Poverty Level

Persons in Household	Maximum Income to Qualify
1	\$17,655
2	\$23,895
3	\$30,135
4	\$36,375
5	\$42,615
6	\$48,855
7	\$55,095
8	\$61,335

There are 390,000 adults in the RTD that would qualify, assuming that 26 percent are RTD users and a take up rate of 60% then RTD would have to offer about 40,000 discount passes at a cost of \$11.7 million.

Possible Sources of Revenue

Revenue Option	Amount
Charge \$1 a day for parking	\$5 million*
Increase LRT to airport from \$10 to \$13 or \$15	\$3.5 million- \$4.5 million**
Keep 3-zone and 4-zone LRT	\$4-9 million***

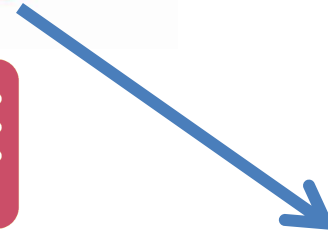
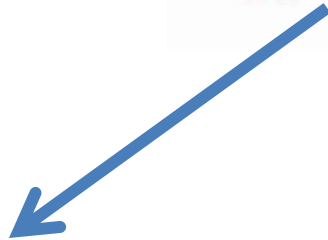
*estimated 5.4 million parked cars during workdays a year in RTD at Park-n-Rides. Would require legislative change to allow RTD to charge in-district cars for less than 24 hours.

**Calculations based on \$7.2 million made from AF AT AS Skye Ride Buses and assumes a 50% increase when rail is completed which was multiplied by 35% (the change from proposed \$10 rail ticket to \$13).

***Fare revenue per light rail line multiplied by portion of riders in 3 and 4 zones plus estimates of monthly pass revenue for those using 3 and 4 zones.

What Would Distribution Look Like?

RTD



Selected Non Profits

Selected Human Services



<150% FPL



<150% FPL

There is wealth of partnership opportunities for income-verification

Consider Use of Affidavit or Presumptive Eligibility

Income Support

Colorado Works (TANF)
Adult Financial Programs (Aid to Needy Disabled, etc.)
Rehire Colorado

Child Care

Colorado Child Care Assistance Program
Denver Preschool Program
Colorado Preschool Program (to some extent)

Energy

Low-income Energy Assistance Program
Property tax/rent/heat rebate

Health

Medicaid
Child Health Plan Plus
ACA tax credit subsidies

Nutrition

Women Infant Children Program
Supplemental Nutrition Program
Child and Adult Care Food Program (Day care centers, adult day care)
School Meals (Breakfast, Lunch, Special Milk, Summer Food)

Tax credits

EITC
Child Tax Credit
American Opportunity Tax Credit
Child and Dependent Care Credit

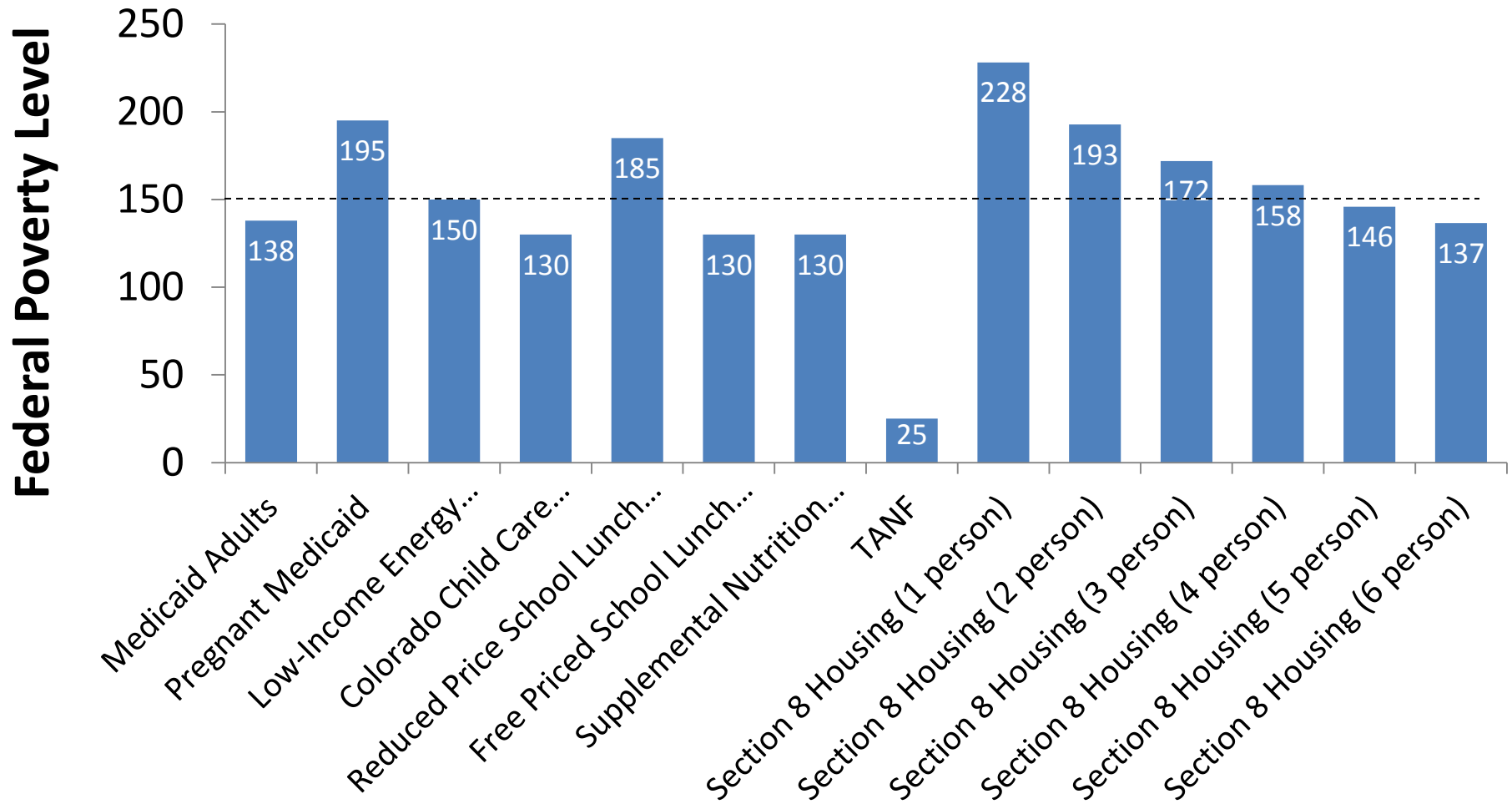
Housing

Public Housing
Section 8
Subsidized Housing

Higher Education

Colorado Student Grant (need-based aid)
Pell Grant (need-based aid) – all Colorado Community Colleges

Income Criteria for Other Assistance Programs Could Help Administrative Process



*Section 8 housing based on AMI

King County is doing something Similar

- Qualify at 200% of FPL
- Using Non-Profits and Human Services Offices to verify income

ADDITIONAL OPTIONS FOR SHIFTS TO
CORE FARE STRUCTURE TO MEET
AFFORDABILITY NEEDS:

PROPOSED AS SECONDARY BASED ON SMALLER NUMBER
OF RIDERS IMPACTED

RECOMMENDATION: Do Not Raise Prices of Access-A-Ride

- Paratransit riders pay twice the normal fare so a fare increase hurts twice 2x
- A fare increase from \$2.25 to \$2.60 increases one way cost from \$4.50 to \$5.20
- In 2012 Access-A-Ride Statistics
 - Access-A-Ride Total revenue: \$1,687,402
 - Total operating costs: \$44,838,408
 - Total boardings: 866,488
 - Subsidy per rider: \$49.80
 - Boardings per hour: 1.5

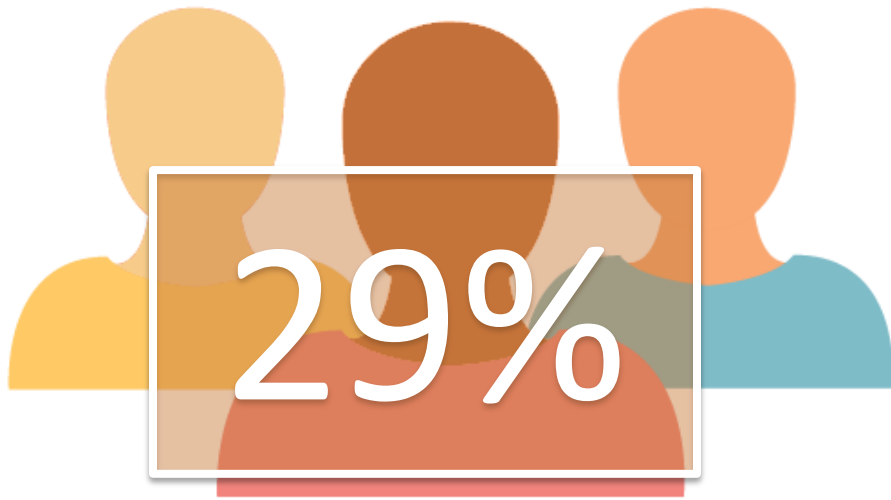
RTD would sacrifice very little revenue by keeping Access-A-Ride at \$4.50. (possible loss of \$260,00*)

*15.5% (increase from \$4.50 to \$5.20) multiplied by \$1.6 million

RECOMMENDATION: Shift Cost Per Boarding to Four Hour Time Window In Any Direction

Estimated Cost of a 4-hour Unlimited Transfer In Any Direction Fare	
Revenue from single fares, \$2.60 per boarding (a)	\$59 million
Percentage of trips made for medical, shopping, personal business, or social (b)	20%
Percentage of medical, shopping, personal business, or social that can be done within the 4-hour window (c)	70%
Fare revenue from single ticket purchases for medical, shopping, personal business, or social reasons that are done in 4 hours	\$8,260,000
Lost Revenue from a 4-hour unlimited transfer in any direction	\$4.2 million
<p>(a) 45% of fare revenue comes from cash or 10-ticket books according to RTD for Community Organizers Powerpoint. We took 45% of \$131 total fare revenue to get \$59 million</p> <p>(b) 2011 Customer Satisfaction Survey Bus Riders. Caveat: this is the percentage of all trips made by travelers paying with fares and passes. It could be argued that a higher portion of the discretionary trips are paid from single fares which would increase the cost of a 4-hour unlimited transfer pass.</p> <p>(c) CFI estimate</p> <p>(d) \$59 million multiplied by 20% multiplied by 70%</p>	

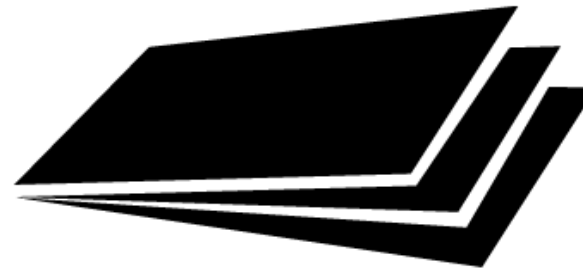
Making Smart Use of the SmartCard System



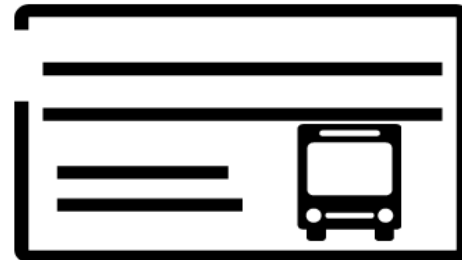
Low-income users who pay cash and ride frequently enough for the current monthly pass to be cost effective.



71% pay cash per ride



7% utilize the 10-ticket books



8% use monthly passes

RECOMMENDATION: Making Smart Use of the SmartCard System: Providing a monthly cap that is valid for 30 days/incremental payments

Cost to establish a monthly cap on fares			
	Number of riders impacted	Savings to riders	Cost to RTD
Less than \$35k	9,000-12,000	\$13-\$20	\$150,000-\$250,000

Those low income cash payers paying around \$100 incrementally over the month instead of \$79

How much will it cost?

	Number of riders impacted daily (w/ household income below \$35k)	Cost to RTD
50% reduced fare	40,000	\$12 million
Monthly max equivalent to monthly pass	9,000-12,000	\$150,000-\$250,000
Non-profit program if participating non-profits only provide verification capacity	40,000	\$34-43 million
4-hour unlimited transfer	10,000	\$ 4-5 million
Paratransit rates stay flat	1,100	\$260,000

ADDITIONAL OPTIONS FOR AFFORDABILITY:

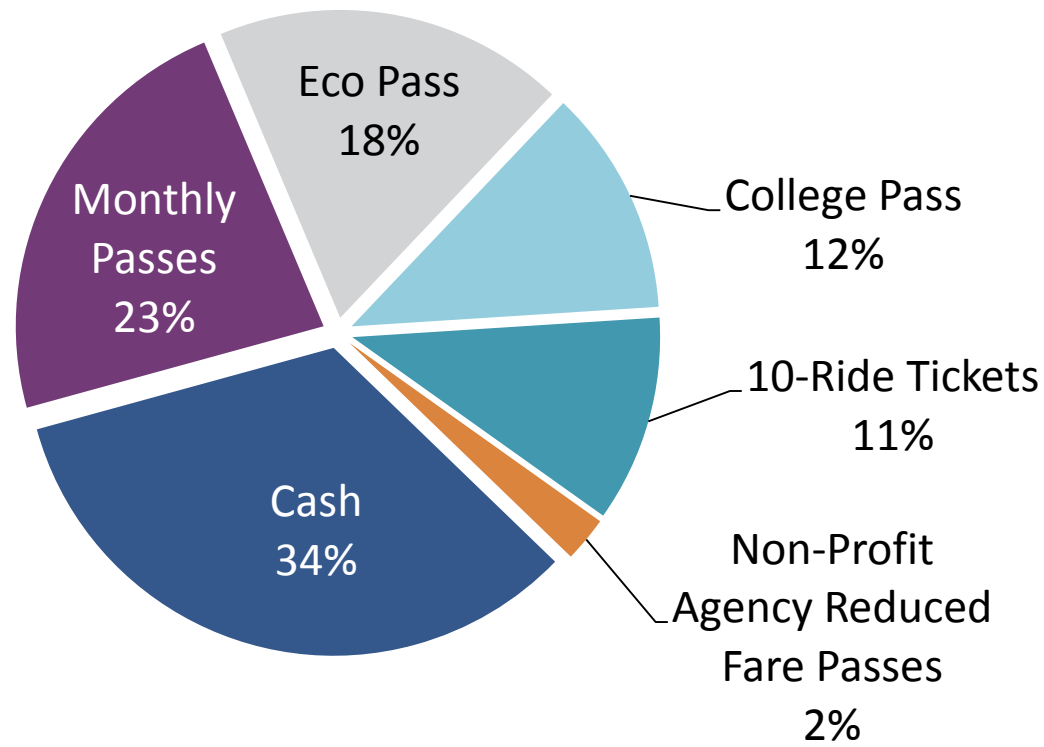
INTENTIONAL SHIFTS FOR CURRENT PASS PROGRAMS
AND
SUGGESTIONS FOR NEW PASS OPTIONS TO EXPLORE

Improving Current Programs: Supplemental Ways to Reach Additional Affordability

- Programs of Focus
 - Nonprofit Reduced Cost Fare Program
 - Neighborhood EcoPass
 - Business EcoPass
- Common Issues Across Programs:
 - Low usage
 - High administrative burden
 - Challenging payment schedule for less resourced organizations
 - Resources not getting into the hands of lower-income riders

Where do passes fit in RTD budget?

Sources of RTD Fare/Pass Revenue



Improving Current Programs: Nonprofit Reduced Cost Fares

- Expand program to apply discount to all low-income riders who do not receive a discount through other programs (76.7% of riders up from current 8.6% reached through the program).
 - Current Number of Participating Nonprofits: 220
 - Current Number of Nonprofits in Metro Denver: 13,000
- Reduce cost of program to nonprofits to encourage participation.
- Offer flexible payment option for nonprofits rather than up-front investment.
 - Allow for monthly billing or regular distributed payments
 - Allow nonprofits to participate in cooperative purchasing of passes
- Decrease or eliminate burdensome administrative duties and requirements.
 - Audit qualifying and tracking requirements to determine which may be unnecessary
 - Allow qualification for other federal, state and/or local programs to serve as verification
 - Utilize technology to streamline administrative activities

Improving Current Programs: EcoPass

- EcoPasses are less expensive to the user than RTD monthly passes.
- The cost of an average EcoPass is approximately \$150/year per employee depending on the employer size and RTD service area (the current price for EcoPasses ranges from \$50 – \$750/year) whereas a basic monthly pass costs \$948 per year.
- Those paying per day can end up spending \$1,125 for commuting to work five days a week or more if they use light rail or regional bus service.

Improving Current Programs: EcoPass

- Encourage expanded business participation in the EcoPass program
 - Encourage businesses and associations to use master contracts to purchase EcoPasses in geographic areas near transit
 - Eliminate contract minimums for businesses with less than 20 employees to increase access and usage by small businesses
 - Offer incentive pricing to employers based on AMI of employees and proximity to transit to increase access for lower wage workers
- Encourage strategies that expand access to EcoPasses
 - Partner with businesses to allow for incorporation of a EcoPasses as a family benefit for employees
 - Partner with businesses who charge for EcoPasses to allow employees to purchase the EcoPass through payroll deduction
 - Allow businesses to donate underutilized EcoPasses to nonprofits to distribute to employees

Improving Current Programs: Neighborhood EcoPass

- Provide an alternative to the survey process and use a transparent Community-Based Profile Formula to set rates.
 - Community-Based Profile determined by a formula of area median income and level of transit service coverage for the area
 - A neighborhood could choose to administer the survey as an alternative, particularly if there were a high number of vacant properties or residents already receiving passes through businesses or schools that would impact their numbers
- Allow payments quarterly or bi-annually for Neighborhood EcoPass Program to enhance ability for low-income communities to participate
- Grow number of participants through partnerships with housing authorities and affordable housing developers with properties near transit.

Expanding Pass Programs: Thinking Differently About Youth

- Family Pass
 - Twin Cities: Discounted Round Trip for Families
 - San Diego: Kids under 12 are free on weekends
- EcoPass for K-12 School Districts

Could these be ways to support those transit dependent riders who incur greater cost because they purchase fares and passes for their whole family?