

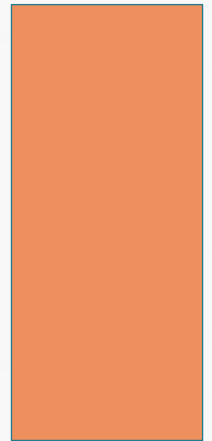


**Mile High Connects**

*Opportunity for all through transit*

# AFFORDABLE FARES IN THE DENVER METRO REGION

2016 UPDATE



**WHY AFFORDABLE FARES?**

# WHY? LISTEN TO OUR COMMUNITY.

- **RTD's low-income riders** tell us...  
the cost of fares is too high and that they are **forced to make choices** between riding the bus and **paying for meals, medicine and other necessities**
- **Employers** tell us....  
transit prices are too high for their lower wage workers and many employees do not take transit, creating **congestion and parking pressures** in job centers
- **Neighborhood residents** tell US...  
fares are unaffordable and that they **might choose to ride** transit if it were more cost effective, but currently use poor quality vehicles or rely on others for transportation
- **Nonprofits** tell us...  
their limited resources can only go so far and they **can only meet a small fraction of the need** for subsidized transit for those experiencing homelessness, the unemployed searching for jobs, and others who cannot afford to pay anything at all



# **WHY? A DISPROPORTIONATE NUMBER OF RTD RIDERS ARE LOW-INCOME.**

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

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

These riders are RTD's customers.

# WHY? PRICES ARE GOING UP FOR THOSE LIVING IN THE CORE URBAN AREAS AND GOING DOWN FOR THOSE IN WEALTHIER SUBURBS.

15.5% increase for previously "2 zone" and 35% decrease for previously "3 zone"

12.5% increase for routes previously "3 zone" and 10% decrease for routes previously "4 zone"

	Rail (local)	Rail (regional)	DIA
single boarding	\$2.60	\$4.50	\$9.00
Day Pass	\$5.20	\$9.00	\$9.00
Monthly Pass	\$99	\$171	\$171

25.3% increase for "2-zone" and 29.3% decrease for previously "3-zone"

22% increase for previously "3-zone" and 3% decrease for previously "4-zone"

\*SkyRide moves to a flat \$9.00 from the current \$9 from Stapleton, \$11 from downtown Denver, and \$13 from suburbs

15.5% increase for previously "local" and 35% decrease for previously "express"

12.5% increase for routes previously "express" and 10% decrease for routes previously "regional"

	Bus (local)	Bus (regional)	DIA* (SkyRide)
single boarding	\$2.60	\$4.50	\$9.00
Day Pass	\$5.20	\$9.00	\$9.00
Monthly Pass	\$99	\$171	\$171


25.3% increase for "local" and 29.3% decrease for previously "express"


22% increase for previously "express" and 3% decrease for previously "regional"

\$0.25 discount per one way fare with smartcard

All fares are cut in half for seniors, students, and disabled


# WHY? MORE ACCESSIBLE TRANSIT LEADS TO BETTER ECONOMIC AND SOCIAL OUTCOMES.

 social inclusion and enhanced quality of life

 emergency room visits for routine medical care

 access to employment opportunities

 use of non-emergency Medicaid transport

 retention/lower frequency of unemployment

 no-show rates at medical appointments such as primary and prenatal care

**BACKGROUND:  
AFFORDABLE FARES TASK FORCE**



# SUPPORTED BY MILE HIGH CONNECTS

## Mile High Connects

To ensure that the Metro Denver regional transit system fosters communities that offer all residents the opportunity for a high quality of life.



*Engaging Residents*

*Influencing Policy*

*Leveraging Resources*



[MileHighConnects.org](http://MileHighConnects.org)

[www.milehighconnects.org](http://www.milehighconnects.org)



**MileHighConnects**



# WORK OF AFFORDABLE FARES TASK FORCE

- Worked with RTD staff to create and host education sessions on budget, structure, programs, governance and other elements of transit agency for nonprofits
- Participated in all 11 public input opportunities in fare study in 2014 and hosted four focus groups with nonprofit partners for RTD staff
- Engaged in extensive research and vetting of program alternatives through partner Colorado Fiscal Institute
- Participated in 15 of 16 public input opportunities in fare study in 2015, as well as Local Government Committee
- Put forward specific low-income fare and pass program recommendation to RTD in February 2015
- Also provided sub-recommendations for improvements to Nonprofit Program, EcoPass, Neighborhood EcoPass and Student Pass
- Began working in partnership with staff in late March 2015 on pursuing low-income fare and pass program
- Attended all Customer Service and Operations Committee and RTD Board Meetings to follow conversation
- Supported improvements to Nonprofit Program
- Began active fundraising outreach in September 2015
- Began outreach around income-verification and data partners December 2015

# REGIONAL AND DIVERSE TASK FORCE MEMBERSHIP

AARP	Energy Outreach Colorado			
Adams 12	Enteprise Community Partners			
Adams 50 School District	Federal Partnership for Sustainability, Region 8			
Bayaud Enterprises	Focus Points Family Resource Center			
Boulder County Local Coordinating Council	FRESC: Good Jobs Strong Communities			
Boulder County Transportation	Gary Community Investments/Piton Foundation			
Boulder Valley School District	Groudwork Denver			
Broomfield County Local Coordinating Council	Jefferson County Department of Human Services			
BuCu West Development Association	Jefferson County Local Coordinating Council			
Center for Work Education and Employment	Livable Places			
City of Lakewood Probation Division	Mi Casa Resource Center			
Colorado Center on Law and Policy	Mile High Business Alliance			
Colorado Coalition for the Homeless	Mile High Connects			
Colorado Cross Disability Coalition	Montbello Organizing Committee			
Colorado Fiscal Institute	National Multiple Sclerosis Society			
Colorado Jobs with Justice	9to5 Colorado			
Community Enterprise	P2P Ability Connection			
Denver Department of Environmental Health	Rocky Mountain Communities			
Denver Housing Authority	Rocky Mountain MicroFinance Institute			
Denver Human Services	SEIU Local 105			
Denver American Indian Commission	Servicios de la Raza			
Denver Indian Health and Family Services	St Charles Town Company			
Denver Indian Family Resource Center	St. Francis Center			
Denver Kids	The Arc of Aurora			
Denver Office of Immigrant and Refugee Affairs	The Delores Project			
Denver Office of Anti-Discrimination	The Denver Foundation			
Denver Office of Strategic Partnerships	The Starting Place, Our Center			
Denver Office on Aging	Together Colorado			
Denver Public Schools	Transportation Solutions Arapahoe County			
Denver Shared Spaces	Urban Peak			
Denver Regional Mobility and Access Council	Via Mobility Services			
Denver's Road Home	Volunteers of America			
Douglas County Transportation	West Colfax Business Improvement District			
eGo Car Share	WorkLife Partnership			
14 Community Representatives, Involved with Nonprofit Boards and Committees But Representing Themselves				
16 Nonprofit, Foundation and Public Sector Agencies Who For Organizational Policy Reasons Could Not Be Listed Individually				

# RECOMMENDATION FOR AFFORDABLE FARES AND PASSES

# AFFORDABLE FARES TASK FORCE CORE RECOMMENDATION

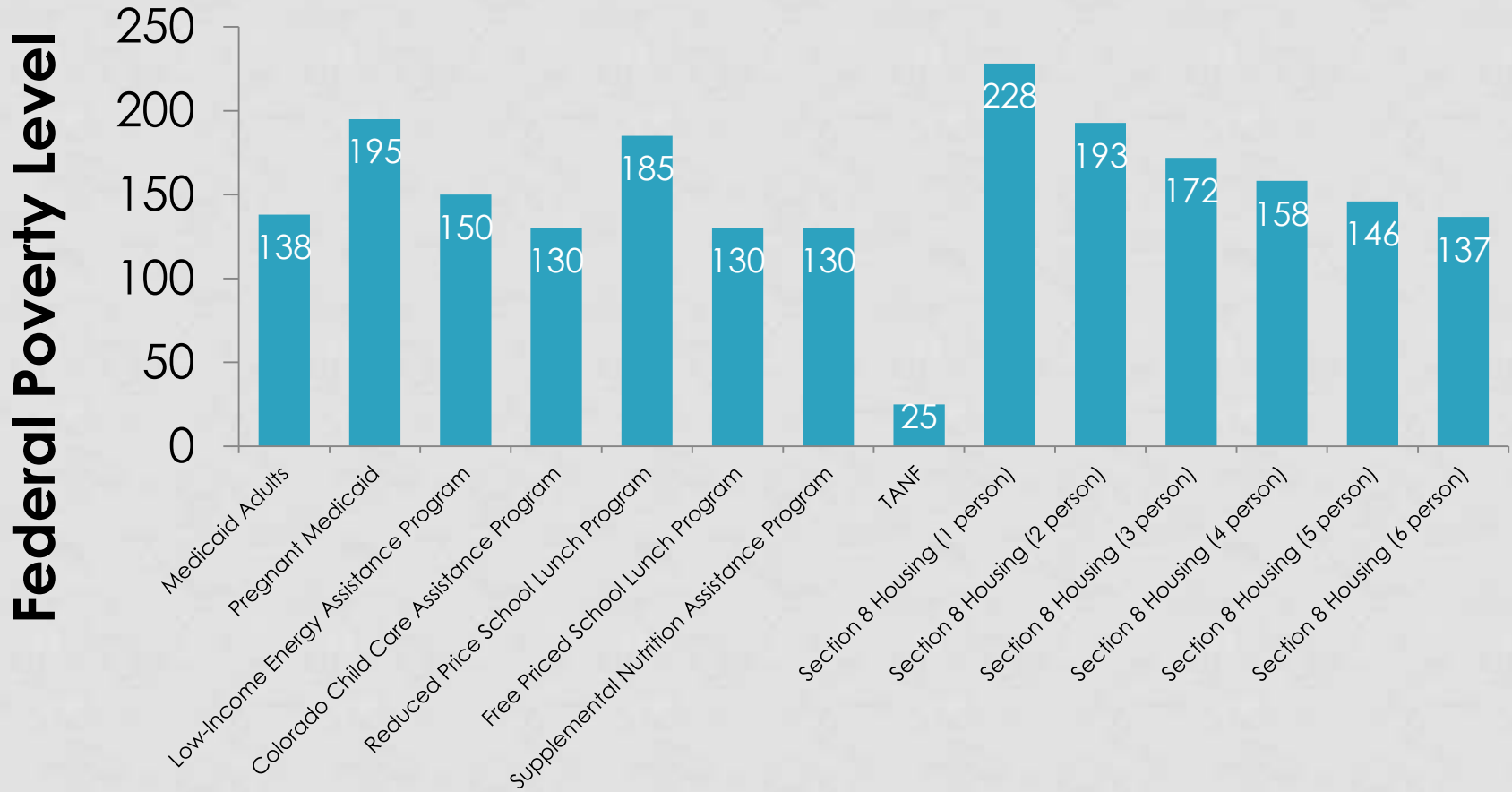
Offer 50% Discount Fares and Passes to Riders Making 150% of Federal Poverty Level or less, matching the discount currently offered to seniors, students and those with disabilities

# QUALIFY IF YOU ARE BELOW 150% OF FEDERAL POVERTY LEVEL

<b>Persons in Household</b>	<b>Maximum Income to Qualify</b>
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 offer about 40,000 discount passes.

# OUTSIDE AGENCIES CONDUCT INCOME VERIFICATION AND ISSUE DISCOUNT CARD





Students, ages 6-19: 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-qualified

# HOW DO RIDERS BUY THEIR FARES AND PASSES?

Riders show card and purchase discount wherever fare media are sold

- On the bus
- At rail stations
- At RTD
- Grocery stores

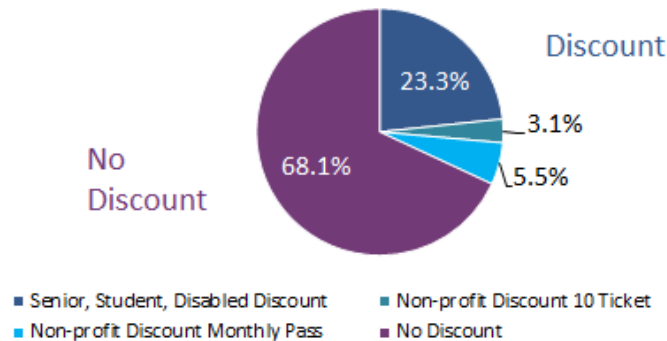


# WHY NOT JUST HAVE THE NONPROFIT PROGRAM?

## Existing Nonprofit Program

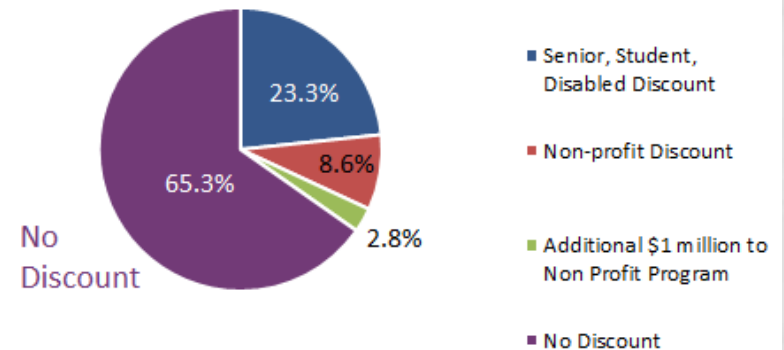
### Current Discounts Only Cover a Fraction of Rides Taken by Low-Income RTD Users

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



## Improved Nonprofit Program

### Adding \$1 Million a Year to the Non-Profit Program Still Leaves Two-Thirds of Low Income Riders without Discounts



*Calculation of 2.8%: \$1 million divided by 12 to get monthly revenue for passes. This was divided by \$49.50 for a monthly pass (assuming client could cover the other half). Then multiplied by 25 round trips a month using 2.92 boardings per round trip. This was divided by total 4,247,523 boardings by low-income riders a month.*



Nonprofit program is still not sufficient in scale and does not address the needs of working adults not receiving other assistance

# OTHER MEANS OF AFFORDABILITY

The Affordable Fares Task Force continues to believe that other existing RTD programs can also be part of the solution to affordability challenge and have specific recommendations around:

- EcoPass and FlexPass
- Neighborhood EcoPass
  - Student Passes

We have shared these in the past with RTD staff and look forward to participating in broader conversations regarding pass and discount programs.

# COST AND FUNDRAISING

# WHAT IS THE PROJECTED COST?

## THE NUMBERS

Support for 40,000 riders =  
\$12 million in lost revenue annually

\$6 million RTD  
investment in program

\$6 million philanthropic,  
private and other public  
sector investment match

External investment goal:  
\$30 million over 5 years

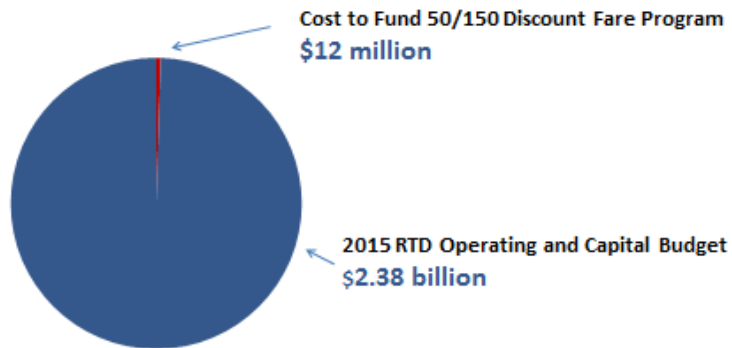
# WHAT DID WE EXPLORE WITH RTD DURING THE FARE STUDY PROCESS?

- Re-instituting zones on rail as part of core structure (occurred but revenues went to a different purpose)
- Charging higher rate for airport rides
- Charging for in-district parking (legislative change)
- Charging differently for other pass programs (occurred for some but revenues went to a different purpose)

# WHAT IS THE SCALE OF THIS COST?

## RTD Total Budget

Less than 1 percent of RTD's Operating and Capital Budget

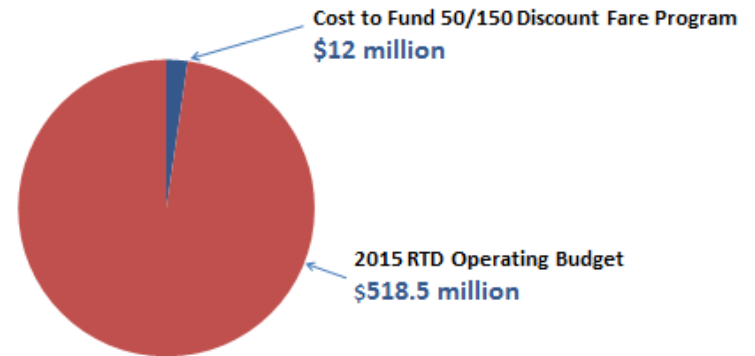


Source: Overview of Adopted 2015 Budget  
Available at <http://www.rtd-denver.com/documents/financialreports/rtd-adopted-budget-2015.pdf>



## RTD Operating Budget

2 percent of RTD's Operating Budget



Source: Overview of Adopted 2015 Budget  
Available at <http://www.rtd-denver.com/documents/financialreports/rtd-adopted-budget-2015.pdf>



# WHAT IS THE SCALE OF THIS COST?

Very Minor Fluctuations in Projected Fare Revenue and Sales Tax Revenue in 2015 Could Fund Low-Income Discount Program for 2016

**Cost to Fund 50/150 Discount Fare Program**  
**\$12 million**

**\$535 million revenue was projected from RTD sales tax in 2015. If actual revenue comes in even 2% higher than projected, RTD would have \$10.7 million revenue than estimated.**

# EXTERNAL FUNDRAISING: WHAT TYPES OF PROSPECTIVE INVESTORS ARE WE APPROACHING FOR MATCH?

- National foundations
- Local foundations
- Local banks
- Local impact investors
- Local chambers of commerce
- Local major employers
- State agencies
- County and city agencies



# EXTERNAL FUNDRAISING: WHAT IS THE PROPOSAL FOR MATCH?

## Phase 1: Grant/Venture Investment

- No return
- Evaluation of outcomes

## Phase 2: Investment Vehicle/PRI

- Low return based on outcomes
- Continued evidence base

## Phase 3: System Absorption

- Cost avoidance/cost savings to system
- Sustainable revenue stream

# WHAT IS EARLY STAGE FEEDBACK FROM PROSPECTIVE INVESTORS?

- Multiple potential investors willing to consider.
  - One bank partner invited us to make a proposal for early stage (small) capital to indicate interest
  - One national funder, two local funders and one impact investor have said no, it is not a fit
  - All others are playing out as you would expect in early stage fundraising of this scale
- From all: Economic, health and social outcomes are critical for investment support
  - More specificity is needed around which outcomes will be measured and how
- From all: Program needs to be more fully developed – unlikely to be able to leverage external investment as such an early stage in planning
  - Partnerships for data collection and income-verification need to be established
- From national investors: Questions around why other places (Seattle, Twin Cities, etc.) have been able to launch more quickly and without substantial outside investment
- From private sector and impact investors: Want to invest in something dynamic, innovative and especially technology related
  - Would be interested in supporting other line items that could offset this expense
- From multiple: Need more confidence in RTD's internal commitment
  - Statements in public forums by RTD staff and board have lessened confidence
  - Lack of funding commitment by RTD in budget, lack of board vote of support for concept, and lack of specific timeline for launch concerning
    - Note: Several potential investors also told us not to approach them until a permanent GM was named

# CURRENT REQUESTS

# CURRENT REQUESTS OF RTD STAFF AND BOARD

- Continue to work closely with the Affordable Fares Task Force and maintain commitment to figuring out “how” not “whether”
- Invite member(s) of Affordable Fares Task Force to participate in broader pass program review process to ensure alignment and consistency
- Ensure RTD internal commitment is included in annual priorities and strategic budget plan
- Speak positively about the emerging program in public contexts to assist with external fundraising and actively support external fundraising as needed
- Set timeline and date for board vote and target program launch