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.

- 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.

- 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.

- 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.

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percent of RTD riders</th>
<th>Percent of individuals in the district</th>
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<tbody>
<tr>
<td>Less than $15K</td>
<td>26.8%</td>
<td>7.2%</td>
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<tr>
<td>$15 to $20K</td>
<td>6.2%</td>
<td>3.2%</td>
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<tr>
<td>$20 to $25K</td>
<td>7.1%</td>
<td>3.7%</td>
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<tr>
<td>$25K to $30K</td>
<td>7.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>$30 to $35K</td>
<td>6.2%</td>
<td>3.7%</td>
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Source: 2011 RTD Customer Satisfaction and U.S. Census 2012 PUMS

These riders are RTD’s customers.
WHY? FARES ARE GOING UP FOR THOSE LIVING IN THE CORE URBAN AREAS AND GOING DOWN FOR WEALTHIER PEOPLE LIVING IN SUBURBS.
WHY? MORE ACCESSIBLE TRANSIT LEADS TO BETTER ECONOMIC AND SOCIAL OUTCOMES.

- social inclusion and enhanced quality of life
- access to employment opportunities
- retention/lower frequency of unemployment

- emergency room visits for routine medical care
- use of non-emergency Medicaid transport
- 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  www.milehighconnects.org
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

<table>
<thead>
<tr>
<th>AARP</th>
<th>Energy Outreach Colorado</th>
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<tr>
<td>Adams 12</td>
<td>Enterprise Community Partners</td>
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<tr>
<td>Adams 50 School District</td>
<td>Federal Partnership for Sustainability, Region 8</td>
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<tr>
<td>Bayaud Enterprises</td>
<td>Focus Points Family Resource Center</td>
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<tr>
<td>Boulder County Local Coordinating Council</td>
<td>FRES: Good Jobs Strong Communities</td>
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<td>Boulder County Transportation</td>
<td>Gary Community Investments/Piton Foundation</td>
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<td>Boulder Valley School District</td>
<td>Groudwork Denver</td>
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<td>Broomfield County Local Coordinating Council</td>
<td>Jefferson County Department of Human Services</td>
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<td>BuCu West Development Association</td>
<td>Jefferson County Local Coordinating Council</td>
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<tr>
<td>Center for Work Education and Employment</td>
<td>Livable Places</td>
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<tr>
<td>City of Lakewood Probation Division</td>
<td>Mi Casa Resource Center</td>
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<td>Colorado Center on Law and Policy</td>
<td>Mile High Business Alliance</td>
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<td>Colorado Coalition for the Homeless</td>
<td>Mile High Connects</td>
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<td>Colorado Cross Disability Coalition</td>
<td>Montbello Organizing Committee</td>
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<td>Colorado Fiscal Institute</td>
<td>National Multiple Sclerosis Society</td>
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<td>Colorado Jobs with Justice</td>
<td>9to5 Colorado</td>
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<td>Community Enterprise</td>
<td>P2P Ability Connection</td>
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<td>Denver Department of Environmental Health</td>
<td>Rocky Mountain Communities</td>
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<td>Denver Housing Authority</td>
<td>Rocky Mountain MicroFinance Institute</td>
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<td>Denver Human Services</td>
<td>SEIU Local 105</td>
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<tr>
<td>Denver American Indian Commission</td>
<td>Servicios de la Raza</td>
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<tr>
<td>Denver Indian Health and Family Services</td>
<td>St Charles Town Company</td>
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<tr>
<td>Denver Indian Family Resource Center</td>
<td>St. Francis Center</td>
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<tr>
<td>Denver Kids</td>
<td>The Arc of Aurora</td>
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<td>Denver Office of Immigrant and Refugee Affairs</td>
<td>The Denver Foundation</td>
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<td>Denver Office of Anti-Discrimination</td>
<td>The Denver Foundation</td>
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<tr>
<td>Denver Office of Strategic Partnerships</td>
<td>The Starting Place, Our Center</td>
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<td>Denver Office on Aging</td>
<td>Together Colorado</td>
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<td>Denver Public Schools</td>
<td>Transportation Solutions Arapahoe County</td>
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<tr>
<td>Denver Shared Spaces</td>
<td>Urban Peak</td>
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<td>Denver Regional Mobility and Access Council</td>
<td>Via Mobility Services</td>
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<tr>
<td>Denver's Road Home</td>
<td>Volunteers of America</td>
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<tr>
<td>Douglas County Transportation</td>
<td>West Colfax Business Improvement District</td>
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<tr>
<td>eGo Car Share</td>
<td>WorkLife Partnership</td>
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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
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**

<table>
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<tr>
<th>Persons in Household</th>
<th>Maximum Income to Qualify</th>
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<tr>
<td>1</td>
<td>$17,655</td>
</tr>
<tr>
<td>2</td>
<td>$23,895</td>
</tr>
<tr>
<td>3</td>
<td>$30,135</td>
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<tr>
<td>4</td>
<td>$36,375</td>
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<tr>
<td>5</td>
<td>$42,615</td>
</tr>
<tr>
<td>6</td>
<td>$48,855</td>
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<tr>
<td>7</td>
<td>$55,095</td>
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<tr>
<td>8</td>
<td>$61,335</td>
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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.

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

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

Income-qualified.
HOW DO RIDERS BUY THEIRFARES AND PASSES?

Riders show card and purchase discount wherever fare media are sold

- On the bus
- At rail stations
- At RTD
- Grocery stores
HOW WOULD THE NONPROFIT PROGRAM AND DISCOUNT WORK TOGETHER?

Recommendation of Program Interaction

- RTD Receives 50% of Cost of Fare or Pass for Individual

Scenario 1: Partially Subsidized; Self Pay
- Individual Qualifies for Discount; Individual Buys 50% Discount Fare or Pass

Scenario 2: Fully Subsidized, Nonprofit Pay
- Individual Qualifies for Discount; Nonprofit Buys 50% Discount Fare or Pass

Nonprofit Distributes Discount Fare or Pass to Individual

Individual Rides

Other RTD Programs Already Work This Way

- Students are able to access 50% discount fares and passes wherever fare media are sold

- Schools are able to purchase discount fares and passes and distribute to “free and reduced lunch students” through the Nonprofit Program, so students can access for free
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

  - No Discount: 68.1%
  - Discount: 31.9%

  - Senior, Student, Disabled Discount: 23.3%
  - Non-profit Discount Monthly Pass: 5.5%
  - No Discount: 68.1%

Improved Nonprofit Program

- The 2016 Non-Profit Discount Program Still Leaves More Than Half of Low Income Rides without Discounts

  - Total Monthly Boardings Made by Riders with HH Income Less than $35,000

    - No Discount: 56.4%
    - Discount: 43.6%
    - Senior, Student, Disabled Discount: 23.3%
    - Non-profit Discount: 20.3%

  - $3.4 million in foregone revenue covers 20.3% of low-income riders.
  - Nota Bene: This covers up to 180% FPL.

Nonprofit program is still not sufficient in scale and does not address the needs of working adults not receiving other assistance.
NONPROFITS CANNOT BE POINT OF SALE FOR FARE MEDIA

• Just as RTD is not set up to do income verification, nonprofits and social service agencies are not set up to be the sales outlet for fare media.

• Riders should be able to access the discount on both fares and passes – to go to a nonprofit each time they need a bus fare prohibits access.

• All other discount programs (senior, student, disability) have the ability to buy fares and passes at all places where RTD fare media are sold.
OTHER MEANS OF AFFORDABILITY

The Affordable Fares Task Force continues to believe that other exiting 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 57,000 riders = $7.4 million in lost revenue annually + $3.4 million already allocated by for Nonprofit Program

Total Cost for Low-Income Programs: $10.8 million

$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

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

- 2015 RTD Operating and Capital Budget
  $2.38 billion

Source: Overview of Adopted 2015 Budget

RTD Operating Budget

2 percent of RTD’s Operating Budget

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

- 2015 RTD Operating Budget
  $518.5 million

Source: Overview of Adopted 2015 Budget
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.

Source: Overview of Adopted 2015 Budget
**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