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**LANE TRANSIT DISTRICT
SPECIAL BOARD MEETING/WORK SESSION**

**Monday, February 19, 2001
5:30 p.m.**

**LTD BOARD ROOM
3500 E. 17th Avenue, Eugene
(off Glenwood Blvd.)**

NO PUBLIC TESTIMONY WILL BE HEARD AT THIS MEETING.

A G E N D A

Page No.

I. ROLL CALL

Lauritsen _____ Melnick _____ Wylie _____ Bennett _____

Gaydos _____ Hocken _____ Kleger _____

II. CALL TO ORDER

III. WORK SESSION

- A. Fare Policy and Pricing
- B. Comprehensive Service Redesign
- C. BRT Schedule for Future Phases

IV. ADJOURNMENT

Alternative formats of printed material (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, please call 682-6100 (voice) or 1-800-735-2900 (TTY, through Oregon Relay, for persons with hearing impairments).

AGENDA ITEM SUMMARY

DATE OF MEETING: February 19, 2001

ITEM TITLE: Comprehensive Service Redesign

PREPARED BY: Andy Vobora

ACTION REQUESTED: Approval of service package.

BACKGROUND: The goals of the CSR included fixing operational problems existing within the current system design and increasing the overall productivity of the system by placing more resources into service frequency. The proposal before the Board accomplishes these goals, while maintaining a balanced distribution of service hours.

The Board's interest is dividing service hours into 75 percent productivity, 20 percent coverage, and 5 percent discretionary has been met through a service design that breaks down as follows:

Productivity
Coverage

RESULTS OF RECOMMENDED ACTION:

ATTACHMENT:

PROPOSED MOTION:

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Fare Policy Development

Fundamental Service & Fare Questions:

- What are the overall goals of the transportation system for the community?
- What sources of funding are available?
- What services should be provided, given our sources of financing?

Research Sources:

- Transit Cooperative Research Program (FTA sponsored)
- APTA
- National Transportation Library
- Private sector consulting specialists
- Internet

Three Components to Fare Policy:

- Service
- Available subsidies
- Farebox

Service and Fare Policies Are Driven By:

- Financial and economic considerations
- Operational goals
- Social goals
- Environmental goals

Financial Goals Can Include:

- Maximizing farebox recovery
- Minimizing unit operating costs
- Preserving flexibility to meet market demands or revenue targets
- Encouraging efficient use of scarce resources
- Encouraging system productivity

Operational Goals Can Include:

- Improving system efficiency or productivity
- Reducing fare evasion and fraud
- Reducing overcrowding during peak travel periods
- Encouraging use of spare capacity at off-peak times

Social Goals Can Include:

- Improving transportation services to the transit-dependent
- Redistributing income
- Revitalizing urban or other areas

Environmental Goals Can Include:

- Encouraging effective land-use planning
- Reducing traffic congestion and air pollution
- Encouraging travel to or from certain areas

Fare Policy May Be Constrained By:

- Economic considerations
- Political considerations
- Technological considerations

LTD Fare Policy Objectives:

- Promote fixed-route ridership by making the fare structure attractive to users
- Improve the farebox recovery ratio
- Improve the efficiency of fare collection
- Promote equity of fare payment among patrons

Recommended Changes to Fare Policy:

- Group pass rates will change from fare neutral to fare positive (to improve farebox recovery and promote fare equity).
- The provision prohibiting ticket book discounts for *RideSource* will be eliminated (to conform with actual practice).

Recommended Changes, continued:

- The guideline for maximum fixed-route returns will increase from 20 percent to 25 percent (to improve farebox recovery and reflect actual increases in operating expense).
- The guidelines restricting multiple instrument price changes in the same year and recommending that price increases for cash, passes, and tokens occur in different years have been eliminated (to allow for flexibility).

Lane Transit District

Pricing Proposal Summary Effective 7/1/01

TYPE OF FARE:

Cash Fare

	Current:	Proposed:
Adult	\$1.00	\$1.25
Youth*	\$0.50	\$0.60
Child	\$0.50	\$0.60
Reduced	\$0.50	\$0.60
Senior	\$0.50	\$0.60

Passes

Adult

1-Month	\$28.00	\$28.00
3-Month	\$65.00	\$65.00

Youth*

1-Month	\$14.00	\$14.00
3-Month	\$32.50	\$32.50

Child, Senior, Reduced

1-Month	\$14.00	\$14.00
3-Month	\$32.50	\$32.50

Day Pass

\$2.00	\$2.50
(transfers discontinued)	

Tokens

Adult	\$0.85	\$0.85
Other	\$0.42	\$0.42

Freedom Pass Discontinued

Group Pass	3.2%	4.1%**
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RideSource (Staff Proposal)

	Current:	Proposed:
Regular	\$1.75	?
Escort	\$1.75	?
Shoppe	\$2.00	?
10 Tickets	\$15.00	?

RideSource (STFAC Proposal)

Regular	\$1.75	\$2.00
Escort	\$1.75	\$2.00
Shoppe	\$2.00	\$2.00
10 Tickets	\$15.00	\$15.00

Sales Outlets

Passes

0-9	10.0%	10.0%
10-24	10.0%	10.0%
25-100	10.0%	10.0%
101-500	10.0%	10.0%
501+	10.0%	10.0%

Token

Packets		
0-49	10.0%	10.0%
50-99	10.0%	10.0%
100-249	10.0%	10.0%
250+	10.0%	10.0%

Discount

Discount

Characteristics of Transit Systems with High Farebox Recovery:

- Captive ridership
 - ✓ Transit dependency
 - ✓ Limited and/or expensive parking
 - ✓ Congestion
 - ✓ Access limitations and/or tolls
- Dense population
- Lower vehicle maintenance standards, service standards, fewer facilities and amenities
 - ✓ No public restrooms
 - ✓ No shelters
 - ✓ No maintenance of shelters
 - ✓ Less frequent cleaning of vehicles
 - ✓ No trippers
 - ✓ Missed pullout tolerance
 - ✓ No lifeline service
- Limited/restricted service expansion
- Limited subsidy sources
- Tend to be larger, urban systems or simple systems targeted to specific users

Farebox Recovery Ratio Survey:

<u>Property</u>	<u>Approx. Farebox Recovery Ratio</u>	<u>Mandated Y/N?</u>	<u>Primary Subsidy</u>
Ann Arbor, MI	13%	N	property tax
Bakersfield, CA			
Boise, ID			
Charleston, SC	24 - 28%	Y (20%)	gas & electric stipend
Corpus Christi, TX	8%	N	sales tax
Fresno, CA	11%	N	federal funds
Lansing, MI	12%	N	state funds
Olympia, WA	15%	N	sales tax
Reno, NV	48%	N	gas & sales taxes
Salem, OR			
Santa Barbara, CA	45%	N	sales & property taxes
Santa Cruz, CA			
South Bend, IN	19%	Y	federal funds
Spokane, WA			
Tacoma, WA	19%	N	sales tax
Vancouver, WA	16%	N	sales tax
LTD	21%	N	Payroll tax

Farebox Recovery Increase Calculation

CURRENT FARE BUDGET:	\$4,143,000
OPERATING EXPENSE BUDGET:	\$21,528,131

BUDGETED RECOVERY RATIO:	19.24%
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FARE REQUIRED @ 25%:	\$5,382,033
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LESS FARE BUDGET:	(\$4,143,000)
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ADDITIONAL REVENUE REQUIRED:	\$1,239,033
PERCENT INCREASE REQUIRED:	29.91%

ESTIMATED EFFECT ON RIDERSHIP:

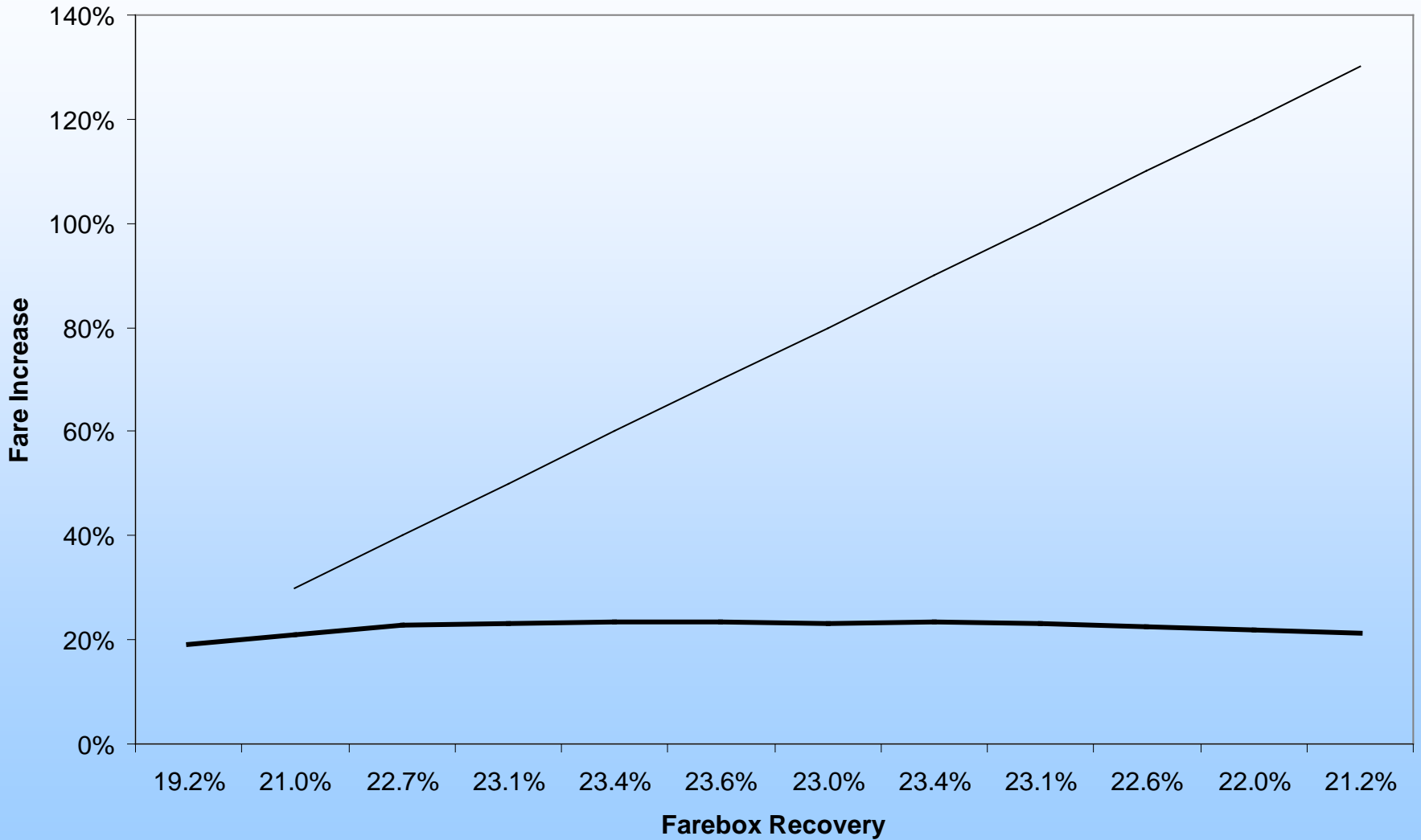
30% FARE INCREASE =	
3 X .04 RIDERSHIP DECREASE:	-12.00%

NET EFFECTIVE FARE TOTAL:	\$4,557,300
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NET PERCENT INCREASE:	10.00%
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NET FAREBOX RECOVERY AFTER	
30% FARE INCREASE:	21.17%

Fare Increases versus Farebox Recovery



LTD Can Improve Farebox Recovery By:

- Improving operating efficiency/control operating expense
- Raising fares appropriately
- Implementing BRT to raise system productivity

LANE TRANSIT DISTRICT

Pricing Proposal Summary

Effective 7/1/01

TYPE OF FARE:

Cash Fare

	Current:	Proposed:
Adult	\$1.00	\$1.25
Youth*	\$0.50	\$0.60
Child	\$0.50	\$0.60
Reduced	\$0.50	\$0.60
Senior	\$0.50	\$0.60

RideSource

Regular
Escort
Shopper
10 Tickets

Passes

Adult		Current:	Proposed:
	1-Month:	\$28.00	\$28.00
	3-Month:	\$65.00	\$65.00

RideSource

Regular
Escort
Shopper
10 Tickets

Youth*		Current:	Proposed:
	1-Month:	\$14.00	\$14.00
	3-Month:	\$32.50	\$32.50

Sales Outl

Child, Senior, Reduced		Current:	Proposed:
	1-Month:	\$14.00	\$14.00
	3-Month:	\$32.50	\$32.50

Passes

0-9
10-24
25-100
101-500
501+

Day Pass	Current:	Proposed:
	\$2.00	\$2.50

(transfers discontinued)

Tokens		Current:	Proposed:
Adult		\$0.85	\$0.85
Other		\$0.42	\$0.42

Token
Packets

0-49
50-99
100-249
250+

Freedom Pass	Current:	Proposed:
	Discontinued	

Group Pass	Current:	Proposed:
	3.2%	4.1%**

* Price effective 6/1/2000. Pilot program.

** Does not include base rate adjustments.

file name: 01 fare proposal summary

<u>ge</u> (Staff Proposal)	
Current:	Proposed:
\$1.75	?
\$1.75	?
\$2.00	?
\$15.00	?
<u>ge</u> (STFAC Proposal)	
\$1.75	\$2.00
\$1.75	\$2.00
\$2.00	\$2.00
\$15.00	\$15.00

ets

10.0%	10.0%
10.0%	10.0%
10.0%	10.0%
10.0%	10.0%
10.0%	10.0%

10.0%	10.0%
10.0%	10.0%
10.0%	10.0%
10.0%	10.0%
Discount	Discount

AGENDA ITEM SUMMARY

- DATE OF MEETING:** February 19, 2001
- ITEM TITLE:** Comprehensive Service Redesign
- PREPARED BY:** Andy Vobora
- ACTION REQUESTED:** Provide final direction to staff for service package approval on February 21, 2001.
- BACKGROUND:**
- The goals of the CSR included fixing operational problems existing within the current system design and increasing the overall productivity of the system by placing more resources into service frequency. The proposal before the Board accomplishes these goals, while maintaining a balanced distribution of service hours.
- The Board's interest is dividing service hours into 75 percent productivity, 20 percent coverage, and 5 percent discretionary has been met through the proposed service design. The 4.68 percent package includes coverage service on routes 17, 25, and 27, bringing the productivity percentage to 75 percent and coverage percentage to 25 percent. Without these coverage hours the package shifts slightly to the 75.4 percent productivity and 24.6 percent coverage.
- The Development Services Group has reviewed the package and recommends approval at the 4.68 percent level. The DSG believes this package represents the best opportunity to meet the needs of our growing metro area, but also recognizes that this package does not respond to the continuing growth in both the housing and commercial sectors. As population continues to increase and as additional jobs are created, transit needs to play a part in linking residents and jobs. To accomplish this, an on-going investment in service hours must be made. While the staff does not have a recommendation at this time, staff agree the percentage of service hours projected in the long range financial plan should reflect a number that includes a service "fix" factor and a population factor. This number could range from one to three percent. Service "fixes" for the period 1996 – 2000 averaged .85 percent, while population growth between 1990 and 2000 averaged 2.4 percent. Setting a service investment percentage allows the Board to plan for future demands and estimate financial impacts on the District's financial resources.

RESULTS OF RECOMMENDED ACTION:

Staff will prepare the service package according to Board direction and will present this package at the public hearing on Wednesday, February 21, 2001.

ATTACHMENT:

CSR summary spreadsheet

PROPOSED MOTION:

None

Fare Policy

The fare policy is used to provide direction in making decisions about changes in the District's fare structure. The policy is composed of objectives and guidelines. The objectives indicate the general goals the District's fare structure should achieve. The guidelines provide more specific direction on the various aspects of a fare structure. The intent of each of the guidelines is further explained in a discussion section that follows each statement.

This Fare Policy applies to both the fixed-route and RideSource systems. Unless otherwise stated, objectives and guidelines apply to both systems.

OBJECTIVES

1. To promote fixed-route ridership by making the fare structure attractive to users
2. To improve the farebox recovery ratio
3. To improve the efficiency of fare collection
4. To promote equity of fare payment among patrons

APPLICATION

This policy applies to all recommendations for changes to the fare structure.

GUIDELINES

1. *Recommendations for changes in the fare will be developed by LTD staff. Decisions on fare changes are made by the LTD Board of Directors, and require an amendment to an ordinance. A public hearing is required for any change in fares. Changes to the RideSource Fare also will include review by the Special Transportation Fund Advisory Committee.*

Typically, fare change decisions are made over the course of three board meetings. At the first meeting are an informational presentation to the Board, and a public hearing. The first reading of the ordinance is held at the second meeting, and the second reading and approval of the fare ordinance occur at the third meeting.

2. *Staff recommendations for changes to the fare will consider the inflation rate, ridership and revenue trends, local economic trends, trends in automobile-related costs such as gas, service changes, the value of the service to the rider, market conditions and opportunities, the District's financial situation, the District's goals and objectives, and Board policy.*

This policy statement lists the most important factors to be considered in making recommendations for changes to the fare structure. The list of factors to be evaluated is not meant to be exclusive; other factors will need to be considered from year to year. It is further

recommended that staff develop and maintain a ridership model in order to more accurately predict the effects of changes in the fare structure.

- 3. *Increases to the Group Pass rates will be based on guidelines included in the Group Pass section of this policy.*

Deleted: the average increase in operating costs of the preceding three years.

- 4. *The RideSource fare should exceed the fare of the fixed-route system to reflect the higher cost of a RideSource trip and to encourage use of the fixed-route system.*

RideSource, a demand-responsive, curb-to-curb service, has a much higher cost per trip than LTD's fixed-route service. Establishing a higher cash fare for RideSource than for the fixed-route system will help to compensate for the higher cost and encourage riders who may have a choice between systems to use the fixed-route service. By law, RideSource fares cannot exceed twice the fixed-route fare.

Deleted: The initial group pass rate was based on a formula as dictated by the Group Pass Policy. **Group Pass Policy is undergoing revision to set new base rates for program participation and program eligibility.** Ongoing adjustments to the rate generally are determined by a rolling three-year average of increases in the District's operating costs. Should service be added for a particular group pass program, the marginal costs of that added service also should be included in an increase.

- 5. *Increases in the farebox recovery ratio should be pursued by improving the ridership productivity of the system and by improving internal operating efficiency.*

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There are three ways to improve farebox recovery ratio: by increasing the fare (in real terms); by improving internal operating efficiency; and by improving ridership productivity. Attempts on the LTD fixed route to improve the recovery ratio by increasing the fare by an amount substantially greater than the inflation rate have proven unsatisfactory. Ridership decreases have almost offset the increase in the average fare, yielding only small gains in revenue and significant ridership loss. Improvements in internal operating efficiency should be pursued whenever possible. Improvements in ridership productivity are likely to provide the greatest potential for a significant improvement to the farebox recovery ratio. If the average fare remains stable (in real terms), a 10 percent increase in ridership productivity would achieve a 10 percent improvement in the farebox recovery ratio.

Unlike the fixed-route system, significant increases in RideSource rides do not provide significant additional income to offset costs. Encouraging use of the RideSource Shopper and providing incentives for grouping trips may improve productivity but would not have a substantial impact on the farebox recovery ratio. Due to the significant fare subsidy on RideSource, efforts should be made to maintain a minimum farebox recovery ratio and maintain the Americans with Disabilities Act (ADA) maximum fare, once attained.

- 6. *Prepayment of fares on the fixed-route system shall be encouraged. Accordingly, passes and tokens should be priced below the cash fare.*

Prepayment of fares benefits the District in a number of ways: It improves the cash flow situation; it guarantees ridership and revenue by the customer; it reduces the chance of non-payment or underpayment; and it speeds boarding. Prepayment mechanisms also tend to encourage increased ridership by customers since the cost of the ride is not required at the time the decision to take the ride is made. It is recommended that monthly passes be priced at 25 to 30 times the cash fare, and that tokens be priced at 75 percent to 90 percent of the cash fare. Passes should, on a per-ride basis, be discounted more than tokens, since they are more effective at increasing ridership and are a more efficient fare mechanism from an

internal operating standpoint. It should be noted that RideSource does not use either passes or tokens since there should not be an incentive to ride RideSource more frequently.

- 7. *Increases to the base fixed-route fare generally should not exceed 25 percent within a year. Increases to the RideSource fare should not exceed 50 percent and no more than one increase should be implemented each year until reaching the allowable ADA maximum of twice the LTD adult cash fare.*

This policy directs that changes in the fare be incremental in nature to avoid large "catch-up" increases. The District's experience has been that large fare increases (even though occurring less often) have a substantially more negative impact on ridership than smaller, more frequent fare increases.

Large fare increases on RideSource do not seem to have a significant impact on ridership. However, RideSource has a more "captive" ridership and fare increases should not be unduly burdensome, especially since many of the riders have low incomes. Once the ADA maximum fare of twice the fixed-route adult cash fare is attained, additional fare increases would occur only when the LTD adult cash fare increases.

- 8. *Recommendations for fare changes will be developed prior to the budget process each spring for the following fiscal year.*

Given the dynamic nature of ridership, budgets, and other factors that affect fares, it is necessary to consider changes in the fare on a yearly basis. This policy ties the recommendations on fare changes to the budget process, as well as to decisions on major changes in the service that result from the Annual Route Review. This policy does not preclude making unprogrammed changes to the fare in mid-year if unforeseen conditions warrant.

- 9.

[Redacted text]

- 10. *Changes in the fare structure should be implemented on the first day of a month, preferably in July or September.*

Since LTD ridership changes significantly at the start and end of summer, these are good times to implement changes to fares. Pass price increases during the school year when LTD ridership is highest are more visible and therefore may result in a greater loss of ridership.

- 11. *Fare promotions can be used to attract new riders to the fixed-route system.*

Fare promotions have been shown to be a cost-effective method of attracting new users to the system at a very low cost per trip. Surveys indicate that many of those attracted by free or reduced fares are not regular bus riders. The process to be followed in fare promotions includes an analysis of the proposal, a marketing plan for the promotion, and a post-project evaluation. The extent of the analysis, marketing plan, and evaluation would be based on the

Deleted: However, RideSource provides ticket books for riders, at the same per-ride price as the cash fare, to minimize underpayment of fares, to encourage ease of boarding for customers, and to offer a non-cash alternative to riders

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Deleted: and no more than one increase in each fare type should be implemented

Deleted: However, more than one increase in any one fare instrument in a year would tend to discourage ridership.

Deleted: , approximately once every three years

Deleted: The District should alternate increases in the cash fare with increases in the cost of tokens and passes.

Deleted: The District has had good success alternating increases in the cash fare with increases in the cost of tokens and passes. This method always gives riders the option of switching to a fare payment mechanism that has not been increased and therefore mitigates some of the negative impacts on fare increases.

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scale of the promotion. RideSource fare promotions shall be designed to switch riders to the LTD fixed route and to increase RideSource productivity.

- 12. *Discounted fares may be used to encourage ridership during traditionally low-demand periods.*

The District has had very good success in generating additional ridership in low-demand times through fare reductions. The cost per trip generated by the fare reductions has been much lower than for other options available to the District.

- 13. *Fare payment options that effectively attract a different market segment or encourage increased use of the bus by current riders shall be developed. The fare payment options should be made conveniently available to customers.*

The District currently offers customers the choice of paying cash or using tokens, monthly passes, or day passes. Each of these fare payment options is attractive to a different segment of the market. Other fare payment options that attract additional riders, increase bus use among current riders, or are more convenient forms of current options should be investigated and, if feasible, implemented. Convenient access to all fare payment options will tend to make the system more attractive to customers and thus will increase ridership.

- 14. *The design and number of fare payment instruments shall consider the ease of enforcement by bus operators and ease of understanding by customers.*

Bus operator enforcement of fares is necessary to ensure adherence by customers to the fare policies. The ease of enforcement is dependent upon the design of the fare payment instrument and the quantity of different fare payment options available. These two factors should be considered when making decisions on the implementation of a new fare option or the redesign of an existing fare instrument. Fare enforcement programs should be evaluated periodically to ensure that they are appropriate.

MAINTENANCE

The Finance Department will monitor application of this policy as it relates to cash fares, tokens, and standard passes, and propose revisions as necessary.

Adopted 2/85
 Revised 6/86
 Revised 6/87
 Revised 2/98
 Revised 2/01

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AGENDA ITEM SUMMARY

DATE OF MEETING: February 21, 2001

ITEM TITLE: FY 2001-2002 PRICING PLAN AND FARE POLICY

PREPARED BY: Diane Hellekson, Finance Manager

ACTION REQUESTED: Hold a public hearing on the proposed changes to the LTD Fare policy and pricing plan for FY 2001-02, and provide direction to staff

BACKGROUND: During the past three-and-a-half months, a staff committee has been reexamining LTD's formal fare policy. The purpose of this study was:

- To determine if existing fare policy continues to serve LTD and its stakeholders best.
- To identify changes in the policy, should opportunities for improvement become apparent.
- To recommend fare changes for FY 2001-2002 in accordance with whatever policy appears optimal.

This work was reviewed with the Finance Committee on January 8, 2001, and again on February 15, 2001.

As a result of Finance Committee discussion, and also Board discussion at the work session on January 19-20, a pricing plan proposal, which is a departure from the previously published plan, has been prepared. Instead of proposing an increase in the adult cash fare from \$1.00 to \$1.10, staff now propose an increase to \$1.25. Other cash fares and the day pass price would change proportionately. The new proposal is summarized in Attachment II to this document.

There are two reasons for the revised proposal:

- There appears to be Board support for more aggressive fare pricing (and operating cost increases support higher fare prices).
- By raising cash fares by 25 percent and holding all other fare instruments at current prices, LTD will have an opportunity to accurately evaluate the effectiveness of a deep discounting strategy.

Board members also have expressed an interest in increasing the farebox recovery ratio. Staff were asked to provide an analysis of whether a 25 percent farebox recovery is possible by increasing fare prices alone, and to describe what a system would look like with 25 percent or more farebox recovery. This information will be provided to Board members at the February 21 work session.

There is a public hearing on the proposal set for the regular Board meeting on February 21, but the first reading of revised Ordinance 35 (which sets fares and prices) will not occur until the March 21 Board meeting. Therefore, it will be possible for the Board to direct staff to make changes in the proposal before the ordinance is revised, should the Board wish to do so.

ATTACHMENTS:

Fare Policy
Draft FY 2001-2002 Pricing Plan Proposal Summary

PROPOSED MOTION:

None

Research Project, cont'd

<u>Property</u>	<u>Approx. Farebox Recovery Ratio</u>	<u>Mandated Y/N?</u>	<u>Primary Subsidy</u>
Ann Arbor, MI	13%	N	<u>property tax</u>
Bakersfield, CA			
Boise, ID			
Charleston, SC	24 - 28%	Y (20%)	<u>gas & electric stipe</u>
Corpus Christi, TX	8%	N	<u>sales tax</u>
Fresno, CA	11%	N	<u>federal funds</u> <u>property tax &</u> <u>state funds</u>
Lansing, MI	12%	N	
Olympia, WA	15%	N	<u>sales tax</u>
Reno, NV	48%	N	<u>gas & sales taxes</u>
Salem, OR			
Santa Barbara, CA	45%	N	<u>sales & property ta</u>
Santa Cruz, CA			
South Bend, IN	19%	Y	<u>federal funds</u>
Spokane, WA			
Tacoma, WA	19%	N	<u>sales tax</u>
Vancouver, WA	16%	N	<u>sales tax</u>
LTD	21%	N	<u>Payroll tax</u>

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