

Intercity Transit Authority Spring Planning Session

April 19, 2019

Today's Topics

- Alternative Fare Evaluation
 - Prop 1 Service Expansion Overview
 - Existing Fare Collection Analysis
 - Alternative Fare Structure Assessment
 - Prepaid Fare Scenarios
 - Peer System Experiences
 - Next Steps
 - Partner and Community Engagement

- Strategic Plan
 - Update Process
 - Mission, Vision, Goal 8 & Beyond?

High-Level Considerations

- Proposition 1 will add system capacity:
 - Community Voted to Support an Expanded System
 - People asked for a Transformational System
 - Access, Equity, Speed and Efficiency, Ridership/Congestion
 - Transformational Opportunity to Attract Riders to Achieve Mission
- IT's fareboxes are old and failing:
 - Next-generation ORCA 2.0 several years out
 - Spend on interim fare collection system which could become obsolete
 - Or take opportunity to pilot prepaid fare system
- Total or partial fare replacement is within reach
 - New and expanded partnerships, eliminate expenses
 - Value proposition: social, environmental, economic

Extended Span of Service

What is an extended span of service?

An extended span of service means more bus routes start earlier in the morning and continue to run later at night, on weekdays and weekends.

As a result, extended service helps get you where you need to go, regardless of your schedule. This helps to accommodate early or late work schedules, as well as shopping, visiting friends, or going out at night.

4 

Number of bus routes that currently run until 11 PM on weekdays

15 

Number of bus routes that would run until 11 PM with an extended span

What are the benefits?



Support for irregular and late work schedules



Span is consistent for multiple routes



Later service is a community priority

What are the costs?



\$1.4M

Annual operating costs (additional)



7%

Increase in service relative to 2017 levels



None

Capital costs

Where are the opportunities?

Routes that run until 11 PM now:

12 41 62B 66

Routes that would run until 11 PM with an extended span of service:

13 21 45 47
48 60 62A 64
67 68 94

Improved Frequency

What does improved frequency mean?

Improved frequency means buses come more often, all day. In other words, buses arrive at a stop every 15 or 30 minutes depending on the route.

When buses come more frequently, you don't need to plan your day around the schedule. For the most frequent routes (13, 41, 62A/B), buses would come every 15 minutes, seven days a week.



Minimum 30-minute frequency all day



Three routes with all-day, 15-minute service



Same frequency all-day, seven-days-a-week



Simpler bus schedules

What are the benefits?



Better accommodates your schedule



More flexibility for off-peak trips



Bus schedules that are easier to remember

What are the costs?



\$4.7M

Annual operating costs (additional)



21%

Increase in service



None

Capital costs

Which routes would have more frequent service?



● 15-min all day

● 30-min all day

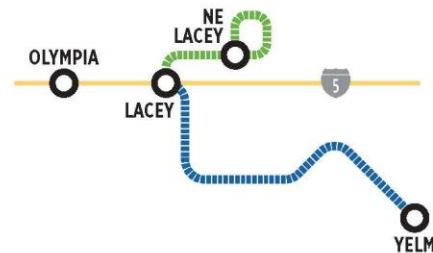
Service to New Areas

What does service to new areas mean?

Service to new areas would include routes to NE Lacey, Yelm, and possibly Innovative Service Zones for other less densely populated areas.

Growth in Thurston County is adding new destinations that are unserved by the current transit network. For NE Lacey, new service would be an all-day, standalone route between the Lacey Transit Center and job centers in NE Lacey. Service to Yelm would be an express route during rush hour to and from Lacey Transit Center. Innovative Service Zones could serve less densely populated areas until they can support bus service. Potential zones could be in Lacey, Olympia, Tumwater, and Yelm.

Potential NE Lacey and Yelm route alignments



What is an Innovative Service Zone?



Gets you connected into the broader system



On-demand



Smaller vehicles

What are the benefits?



Better access to jobs, schools, appointments, and shopping



More flexibility for off-peak trips

What are the costs?



\$3.0M

Annual operating costs (additional)



4

New vehicles required

Maintain On-Time Performance

What does maintain on-time performance mean?

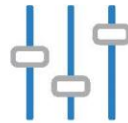
It's critical to keep buses running on time despite changes in traffic. This requires setting aside 0.5% of the operating budget to periodically adjust schedules.

Increasing traffic congestion in the future will lead to increasing delays, and increasing costs associated with those delays, for everyone including transit vehicles.

Intercity Transit can plan ahead for slowing travel times by setting aside a specified percentage of the operating budget each year for one-or-two schedule adjustments. This would allow Intercity Transit to put additional buses into service on busy routes and reduce wait times for riders.



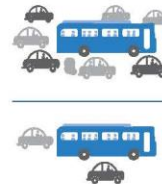
Allocates 0.5% of operating budget



Adjusts schedules periodically



Keeps buses on time



Accommodates changing traffic



Plans ahead

What are the benefits?



Establishes a savings account for on-demand service additions



Provides flexibility for changing operating conditions

What are the costs?



0.5%

Annual operating costs



None

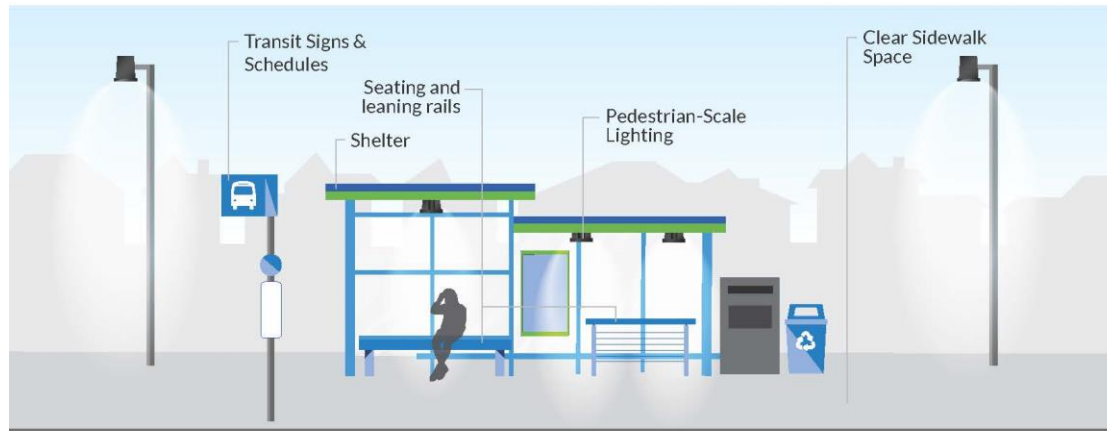
Capital costs

Enhanced Capital Facilities

What are enhanced capital facilities?

Enhanced capital facilities mean better bus stops, with features like shelters, benches, and lighting. Together, these improve the overall customer experience while waiting for the bus.

Intercity Transit would invest in bus stop enhancements throughout its service area. Priority would be given to stops with more ridership.



What are the benefits?



Better passenger experience



Attracts and retain riders

What are the costs?



None

Annual operating costs



\$260K

Annual capital costs

Bus Rapid Transit

What is Bus Rapid Transit?

Bus Rapid Transit (BRT) is a high-frequency bus-based transit system that delivers fast, direct, comfortable, and cost-effective service.

Because BRT contains features similar to rail service. It is much faster, more reliable, and more convenient than regular bus services. With the right features, BRT avoids the causes of delays that typically slow regular bus services, like being stuck in traffic and paying on board.



*Smarter
traffic signals*



*A distinct
look and feel*



*Simpler
fare payment*



*Vehicles with
more room*



*Comfortable
stations*

What are the benefits?

-  Faster service that arrives on time
-  Buses that come more often, all day long
-  Service that supports economic development

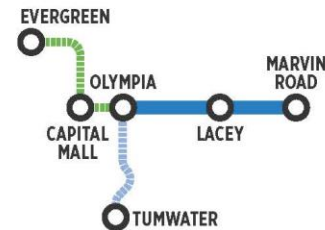
What are the costs?

Martin Way corridor:

 **\$2.6M**
Annual operating costs (additional)

 **\$23M–\$30M**
Capital costs

Where are the opportunities?



Night Owl Service

What is Night Owl Service?

Night Owl Service is a weekend, on-demand, late night service to and from downtown Olympia.

It would include three small buses leaving the Olympia Transit Center hourly. Each bus would make pickups and drop-offs in a different zone that reaches up to three miles away from downtown Olympia. Night Owl service would not replace the existing weekend service to The Evergreen State College.



On-demand



Weekend nights



Three-mile radius



*Maintains
late night service*

What are the benefits?



Supports new trip purposes



Provides employment transportation during peak "entertainment" times



Promotes safety for riders and non-riders

What are the costs?



\$400,000

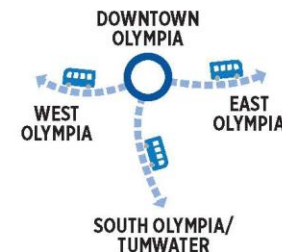
Annual operating costs (additional)



None

Capital costs

Where are the opportunities?



Enhanced Commuter Service

What is enhanced commuter service?

Enhanced commuter service means better express service between Olympia, Lacey, Lakewood, and Tacoma. It would make service easier to understand, faster, more comfortable, and more frequent.

Commuter service is fast service over long distances, designed to transport suburban workers to downtown jobs. This is important because Thurston County anticipates approximately 43,000* commuters traveling out of Thurston County to work by 2025, an increase of 22%. Many of these commuters will be going to Pierce and King Counties.

*Thurston Regional Planning Council (TRPC) Countywide Employment and Commute Forecast, January 2018



*Consolidates existing
express routes*



*Increases
service levels*



*Improves speed
and reliability*



*Upgrades to
coach vehicles*

What are the benefits?



Avoids delays.



Provides flexibility for
changing operating conditions



Reduces congestion on I-5

What are the costs?



\$1M

Annual operating costs
(additional)



\$3.2M

Capital costs
for new buses

Change the Way Fares Are Paid

Changing the way fares are paid means different things to different people, and can address several challenges identified by the community. There are options and opportunities that, with some additional study, can help meet our shared goals.



**Get where they
are going faster**



**Make it easier
to pay**



**Make it more
affordable**



**Encourage people
to ride the bus**



**Reduce fare hassles
and uncertainty**

Implementing new fare technology and introducing an alternative fare structure are two options which could be considered.

New Fare Technology

The existing fare collection system takes cash only and is failing. There are many new technology options to consider. Part of the consideration is the cost associated with purchasing and maintaining a fare collection system, and processing the money collected.

Alternative Fare Structure

An alternative fare structure means removing the collection of fares on the bus from individual riders and replacing that fare revenue with funds generated through public/private partnerships. About 10% of transit revenues come from fares. There are several communities, like Chapel Hill NC, Missoula MT, Corvallis OR, and Cache Valley UT, that have implemented a similar alternative fare structure. They have found it:



**Promotes
social equity**

Riders least able to afford fares are currently paying them



**Increases
ridership**

Systems report an increase of 30–40% ridership



**Makes bus
service faster**

3–7% speed improvement without fare collection waiting time



**Lowers
operating costs**

Eliminates costs for fare collection, fare equipment, ticket management, and administration



**Removes
barriers**

Increases convenience and removes the hassle of finding cash to ride the bus



**Reduces traffic
congestion**

Gets more people riding the bus leaving fewer cars on the road



**Environmentally
friendly**

Gets more people riding the bus leaving fewer cars on the road

High-Level Considerations

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 - Attract Riders to Achieve Mission
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 - Or take opportunity to pilot prepaid fare system?
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Alternative Fare Evaluation

Agenda

- Existing Fare Collection Costs
- Upgraded Fare Technology
- Equity Considerations
- Prepaid Fare Peer Review & Operational Considerations
- Key Findings and Next Steps

What Does it Cost to Collect Fares Now?

Collecting Fares has Ongoing Operating and Administrative Costs

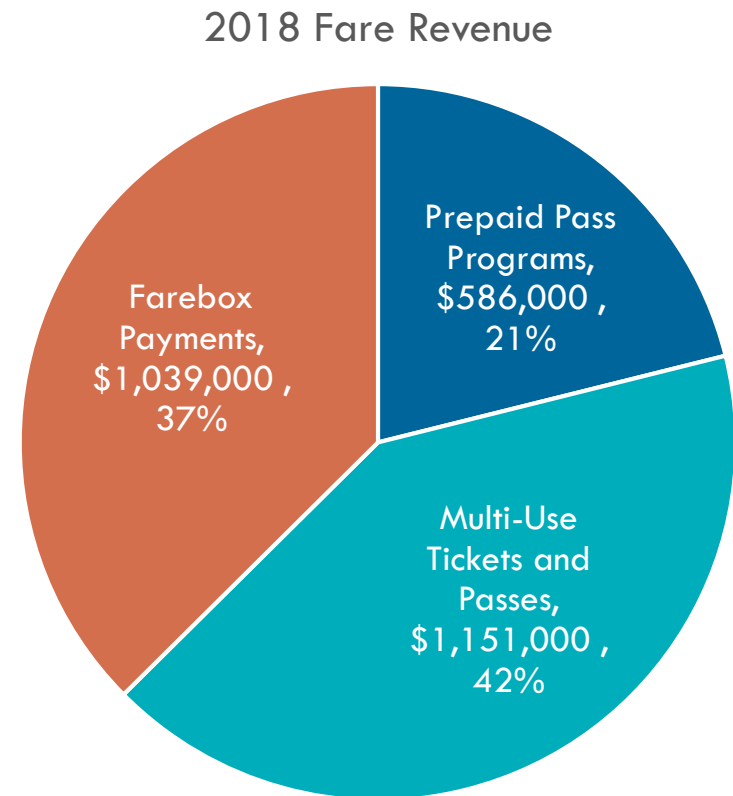
- Farebox equipment must be maintained and updated
- All cash farebox revenue must be securely counted and reconciled
- Staff time:
 - Farebox maintenance
 - Pass sales
 - Fare questions and disputes
 - Accounting
 - Marketing
 - Fare contracts and accounts
 - Operations

Estimated Annual Fare Collection Costs

Customer Service	\$127,600
Farebox Maintenance	\$182,000
Finance	\$104,400
Facilities	\$ 400
Marketing	\$ 6,700
Planning	\$ 37,900
Operations	\$188,200
Total	\$649,200

Intercity Transit Collects Approximately \$2.8 Million in Total Fare Revenue

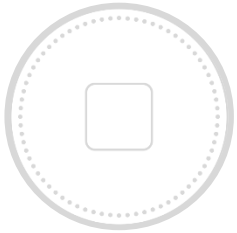
- Approximately \$2.2 million from farebox payments, tickets, and passes
- Another \$586,000 comes from partnerships
 - Includes SPSCC, TESC, WSDOT, Thurston County, St Martin's, and City of Olympia



What are the Cost Implications of Upgraded Fare Technology?

Intercity Transit Payment Options are Limited

Token



Cash



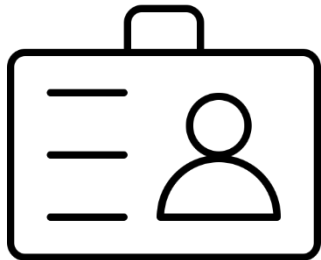
Magnetic Swipe Card



**Contactless/
RFID Cards**



ID-as-pass



**Mobile
Flashpass**



**Mobile
Validation**



**Mobile
Contactless**

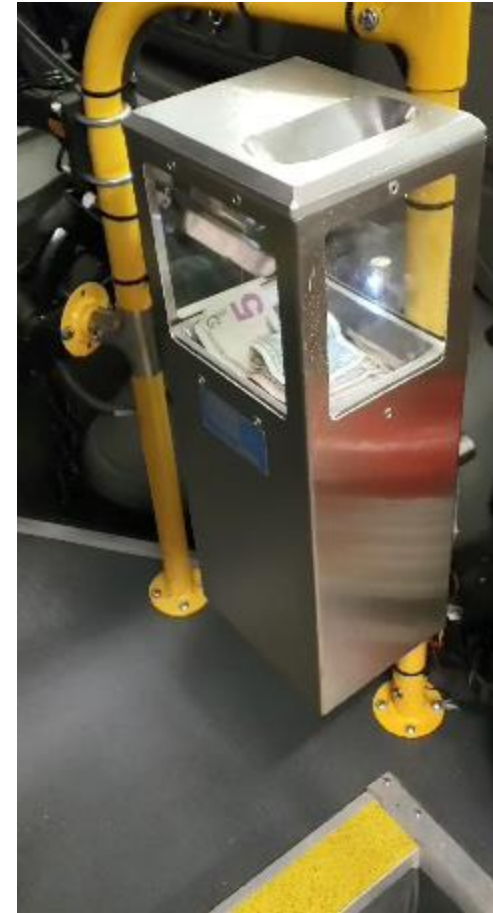


Intercity Transit Currently Uses Outdated Farebox Technology

- Current fareboxes only accept cash
- Drivers must visually validate all passes
- Paratransit fareboxes are simple “dropboxes”



Fixed-route







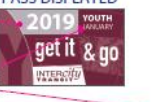
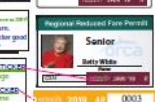















Paratransit

Drivers are Responsible for Visually Validating a Wide Array of Passes



INTERcity TRANSIT
JAN. 2019

Local Service

Pass, Permit & Sticker Info

FARE INSTRUMENT	REGULAR - \$1.25 <small>Adult & DAL</small>	YOUTH - \$1.25 <small>Ages 6 - 18</small>	REDUCED - \$.50
CASH <small>(Children 5 & younger ride free.)</small>	\$1.25	\$1.25	\$.50
I.T. PASSES	\$2.50 OR DISPLAYED	\$2.50 OR DISPLAYED	\$1.00 OR DISPLAYED
DAILY	 Regular & DAL \$2.50 Youth \$2.50 Reduced \$1.00	 Youth \$2.50 OR DISPLAYED	 PASS DISPLAYED
MONTHLY	 Regular & DAL \$36.00 Youth \$15.00 Reduced \$15.00	 Youth \$2.50 OR DISPLAYED	 PASS DISPLAYED
OLYMPIA EXPRESS <small>Both passes valid on Oly Express, Local & DAL service.</small>	 Full (no Youth pass) \$90.00 Reduced \$37.50	 Youth \$2.50 OR DISPLAYED	 PASS DISPLAYED
I.T. TICKETS (same as cash) \$1.00 \$1.25 \$2.50	 Value \$1.25 Security One Trip	 Value \$2.50 Security Can be applied to a Daily Pass	 Value \$1.00 Security Can be applied to a Daily Pass
OLDER TICKETS ACCEPTED \$.75 \$1.50 \$2.00			
EMPLOYER PASSES <small>Look to the right for details of each employer pass.</small>	 OLYMPIA REGIONAL PLANNING COUNCIL & THURSTON COUNTY Look for the logo on the card	 WASHINGTON STATE Enter Agency Specific or Generic Look for the STARpass sticker	 STARpass Look for the STARpass sticker
COLLEGE STUDENT PASSES • SPSCC (South Puget Sound Community College) • SMU (St. Martin's University - under grads only) • TESC (The Evergreen State College)	 COLLEGE STUDENT Look for the correct student sticker	 WASHINGTON STATE Look for the STARpass sticker	 STARpass Look for the STARpass sticker
I.T. or PT EMPLOYEE, DEPENDENT OR RETIREE PASS PASS DISPLAYED <small>I.T. Passes: All have photos PT Employee Pass: Employee photo</small>	 Mark Sandberg 3395 00000000000000000000	 Harry Potter 3395-3 00000000000000000000	 Susan Sarandon 00000000000000000000

ADULT **YOUTH** **DAILY** **OLY EXPRESS FULL**

REDUCED FAIR STICKERS  Monthly  Annual

OLY EXPRESS REDUCED

I.T. LOCAL FARE MEDIA

ADULT PASS

YOUTH PASSES

REGIONAL REDUCED FAIR PERMIT (RFP)
Without a sticker, RFP can be used as a permit to get on reduced cash fare.

REDUCED FAIR STICKER
Without a sticker, it can be used as a permit to get on reduced cash fare.

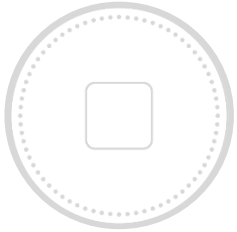
OLYMPIA EXPRESS PASS
Monthly Pass valid on Olympia Express, Local & DAL Service.

TICKETS

Payment Options Offered by Agencies in the Region

Regional Coordination is an Issue

Token



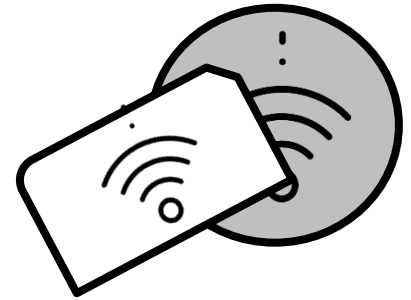
Cash



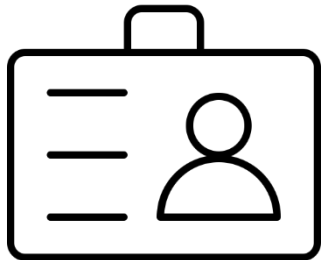
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**Mobile
Flashpass**




**Mobile
Validation**



**Mobile
Contactless**



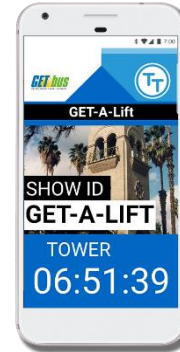
Intercity Transit Farebox Upgrades to Accept Magnetics and Smartcards Would Cost Nearly \$2.3 Million


Fare Media	Benefits	Drawbacks
 Smart Card	<ul style="list-style-type: none">• Account-based system, allows for user features like auto-load and balance protection• Can load value online or over the phone• Faster boarding times• Durability• Enhanced data collection	<ul style="list-style-type: none">• Lack of distribution channels• Require investment in technology upgrade and infrastructure• More fare options may lead to confusion for customers• Complexity for agency staff



Mobile Ticketing Can Be a Lower-Cost Option than Smartcards—or Can Add to the Pricetag

- Depending on selected technology, capital costs could range from \$0 to approximately \$2.8 million
 - Higher range would also include smartcard implementation
 - Consider Operational Costs



Fare Media	Benefits	Drawbacks
 Mobile Ticketing	<ul style="list-style-type: none">• Customer convenience• Operational savings• Reduce delay in fare payment• Lower farebox maintenance costs• Various options for validation• Reloadable• Fare products available on phone (no need for additional sales outlets)	<ul style="list-style-type: none">• Some customers do not own a smartphone• Requires bank account or prepaid gift card• Software development can be expensive• Requires WiFi or data plan to activate

Transition to Next Generation Regional ORCA System Anticipated to Begin in 2021

- The current ORCA system was implemented in 2009 and cost \$88 million (in 2017 dollars)
- Next Gen ORCA card system is estimated to cost \$113 million
 - Including capital costs, operating costs, and contingency for current member systems.



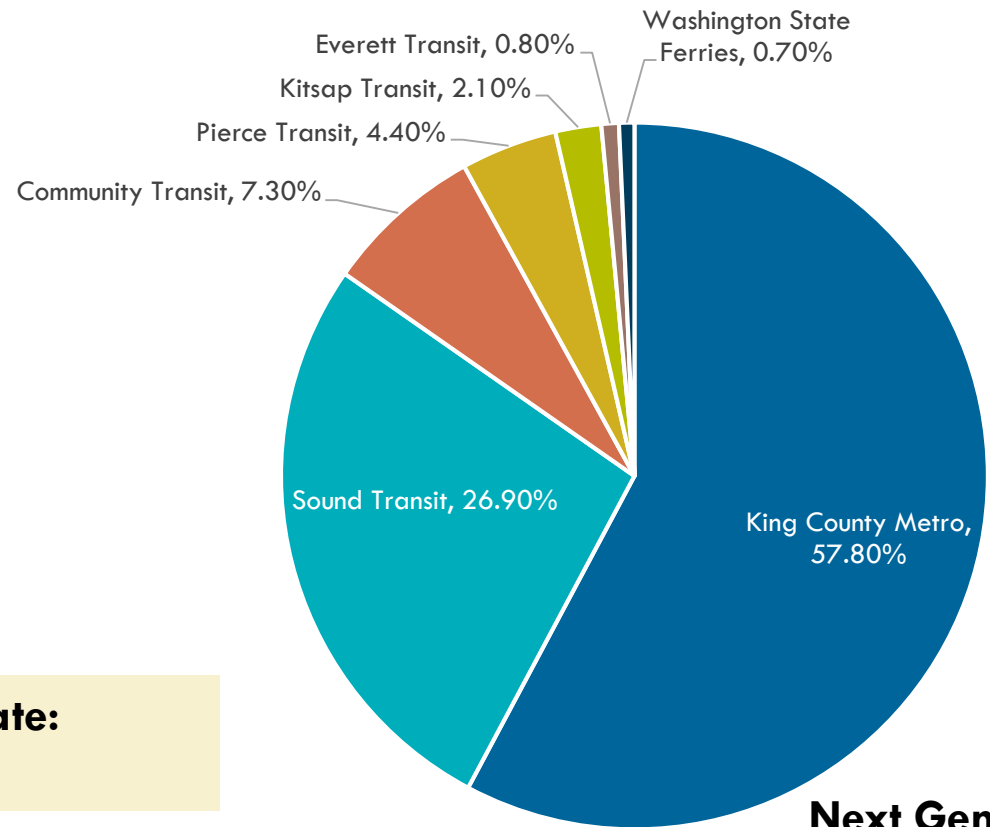
The Card



The App

Next Generation ORCA Costs are Significant

- High-level assumptions based on fleet size would put Intercity Transit in the range of Everett and Kitsap



- **High-Level Capital Cost Estimate:**
\$1 million to \$3.6 million

- **High-Level Annual Operating Cost Estimate:**
\$1 million to \$1.7 million

**Next Gen ORCA
Regional
Capital Cost
Sharing**

While a More Expensive Option, Joining Next Gen ORCA Makes it easier to pay for Regional Trips

- Upgrading fare technology is anticipated to cost at least \$1 million
- If Intercity Transit continues to pursue fare payment, there is a strong case for regional integration given the scale of upgrades needed
- Would help facilitate ease-of-payment for regional trips.



*Get where they
are going faster*



*Make it easier
to pay*

What Equity Considerations Exist?

Traditional Bus Fare Collection

- Traditional boarding methods, such as front door boarding and pay-upon-entry, can significantly slow down passenger pickup and cause delays in overall operations
- Driver has to concentrate both on operating the vehicle and collecting fares



Boarding Accounts for about One-Third to Half of Vehicle (Revenue) Run Time

- Boarding times can be reduced by:
 - Off-board fare collection
 - Multi-door or all-door boarding
 - Boarding Islands
 - Honor/proof-of-payment system



Equity Considerations Exist with Proof-of-Payment Systems

- Seattle's RapidRide network uses off-board fare collection and proof-of-payment
 - Riders are randomly spot-checked by fare enforcement
- In April 2018, a King County Auditor report found some enforcement outcomes are in conflict with equity and social justice goals
- Fare enforcement impacts those experiencing homelessness the most (making bad situations worse) and may not be effective in recouping lost fares



Equity Concerns Exist for Unbanked Populations

- A transit agency receiving federal funds cannot discriminate directly or indirectly against any subset of ridership, including unbanked populations
- Title VI considerations come into play when considering the types of fare media and payment options available to unbanked or underbanked populations
- A transit agency can help meet the needs of this ridership community by:
 - Offering prepaid fare options, such as prepaid, reloadable fare cards
 - Accepting EBT (Electronic Benefit Transfer) cards
 - Other fare payment options that are compatible with their fare payment system's technology

However, Several Transit Agencies in the U.S. are Experimenting with “Cashless” Fares

- No cash is accepted on-board
- Riders wishing to pay with cash have to purchase fares in advance from ticket vending machines
- In May 2020, MBTA (Boston) will no longer allow cash payment on board
- WMATA (Washington, DC) implemented cashless payment on a limited-stop route in June 2018



What Lessons Can We Learn from Prepaid Fare Peers?

Prepaid Fare Systems

What is it?

- Prepaid transit is funded by other means than collected fare

Why are we considering it?

- Success with prepaid fare transit in Corvallis, Chapel Hill, and Missoula indicate it can be a transformative way to increase public transit use
- Meets IT Mission to support an accessible, sustainable, livable, healthy, prosperous community.



Three Prepaid Fare Peers were Interviewed

Chapel Hill Transit (Chapel Hill, NC)



Corvallis Transit System (Corvallis, OR)



Mountain Line (Missoula, MT)



Chapel Hill Transit Implemented Prepaid Fare in 2001

Chapel Hill Transit

- Essentially began as a handshake agreement with funding partners
 - Town of Chapel Hill, Town of Carrboro, and University of North Carolina (UNC)
- UNC was already contributing funding as part of a free university pass agreement
- Partners decided that since the bulk of riders already were not paying a fare, it made sense for the system to be “pre-paid” for everyone
- Funding gap from fares made up by Partner contributions
 - Towns of Chapel Hill and Carrboro have raised property tax
 - UNC has increased contributions through student/employee fees



Corvallis Transit System Implemented Fare Free in 2011

Corvallis Transit System

- Hit the ground running with the full intention prepaid fare would be permanent
- Strong local champion helped establish a new utility services fee on water bills
 - Goal to provide dedicated funding not subject to fluctuations in the economy
 - CTS formerly funded through city's general fund
- Fee tied to fuel prices
 - Established a floor of \$2.75 per household
 - The agency can earn additional revenue as fuel prices increase
- Revenue at “floor” level is approximately \$900,000 annually
 - 76% of fee is general fund replacement
 - 21% for fares replacement
 - Remaining 3% intended for increase in service
- Simplest funding strategy of the three peers



Mountain Line Implemented Zero Fare in 2015

Mountain Line

- Implemented zero fare in 2015
- Leadership felt it would be a great way to kickstart ridership in Missoula
- Began as a three-year demonstration project with 13 funding partners
- Post-demonstration project, similar structure is still in place
 - Now have 24 funding partners with a goal of 40
 - Unanimous sentiment from partners to continue the program
 - Challenge to expand the partnerships; continuing to articulate the value proposition is essential
 - Have a tiered contribution structure that allows non-profits and other groups to participate



Mountain Line Has Extensive Funding Partnerships

ZERO-FARE PARTNER BENEFITS

TIER
1

TIER 1 (\$100,000 – \$200,000):

- All benefits below

TIER
2

TIER 2 (\$25,000 – \$50,000):

- All benefits below
- Logo and brand messaging within a co-branded 6x3 full-color ad on the cover of the Montana section of the *Missoulian*

TIER
3

TIER 3 (\$10,000):

- All benefits below
- Feature in email newsletter
- 300x250 banner advertisement on *mountainline.com*

TIER
4

TIER 4 (\$5,000):

- All benefits below
- Logo on large Zero-Fare partner display at the transit center
- Paid and organic social promotion on Facebook and Instagram
- Logo in at least one “thank you” ad per year in the *Missoulian* and *Independent*

TIER
5

TIER 5 (\$1,000):

- All benefits below
- Social mentions/tags throughout the year
- Text mention in monthly email blast to 6,000

TIER
6

TIER 6 (\$500 – all partners):

- Zero-Fare partner recognition press event in January
- Zero-Fare partner certificate (attached)
- Zero-Fare partner window cling
- Logo/link on *mountainline.com* homepage
- Mentions within Zero-Fare press releases and at press events
- Text mentions in at least one “thank you” ad per year in the *Missoulian* and *Independent*
- 40th Anniversary Party recognition in December
- 40 for 40 media exposure

THANK YOU TO OUR CURRENT ZERO-FARE PARTNERS



Mountain Line Has Extensive Funding Partnerships

Mountain Line

- Major partners are the University of Montana, City of Missoula, and two hospitals
 - In the last year of fare collection, revenue was about \$465,000
 - Collect approximately \$500,000 from partners as part of the zero fare program
 - City of Missoula's contribution is separate from other levies
- Big benefit to local organizations to have their name associated with something so popular
- Ask for a three-year commitment from partners
 - Re-convene every three years and see if the structure still makes sense for the community
 - Biggest challenge after demonstration project was getting everybody together in the same room



Initial Challenges Included Marketing and Confusion about Funding

Chapel Hill Transit

- Took CHT until about 2012 to stop ordering buses with a farebox
 - Spec issue and/or something nobody caught until order was complete
- Now intentional about not ordering buses with fareboxes
 - Sends a message about the agency's intent

Corvallis Transit System

- Provided refunds for passes
 - Defined a time limit for people to turn in coupons and bus passes and get a refund
 - Fairly involved outreach campaign
- Had to update all marketing materials about change

Mountain Line

- Rolled out zero fare and service improvements at the same time
- Service improvements were funded by a mill levy, but zero fare was funded through partnerships
- A lot of confusion from the public about what the mill levy paid for

Agencies Have Varying Approaches to Promoting the Value Proposition

Chapel Hill Transit

- Promotes the idea that a citizen's freedom is a huge benefit compared to having to worry about fares

Corvallis Transit System

- Promotes the value proposition at every tabling event they go to
 - Lots of sustainability events in town
- Fare free education is mostly for new people and OSU students

Mountain Line

- Constantly trying to collect stories from people about how their lives are better because of zero fare
- Pushing the message of how zero fare contributes to reduced need for parking, reduced traffic, and improved air quality
 - Especially important since Missoula is a non-attainment area

Ridership Increased Dramatically for Each Agency

Chapel Hill Transit

- Ridership more than doubled from 2002 to 2009
 - Including 56% in the first two years

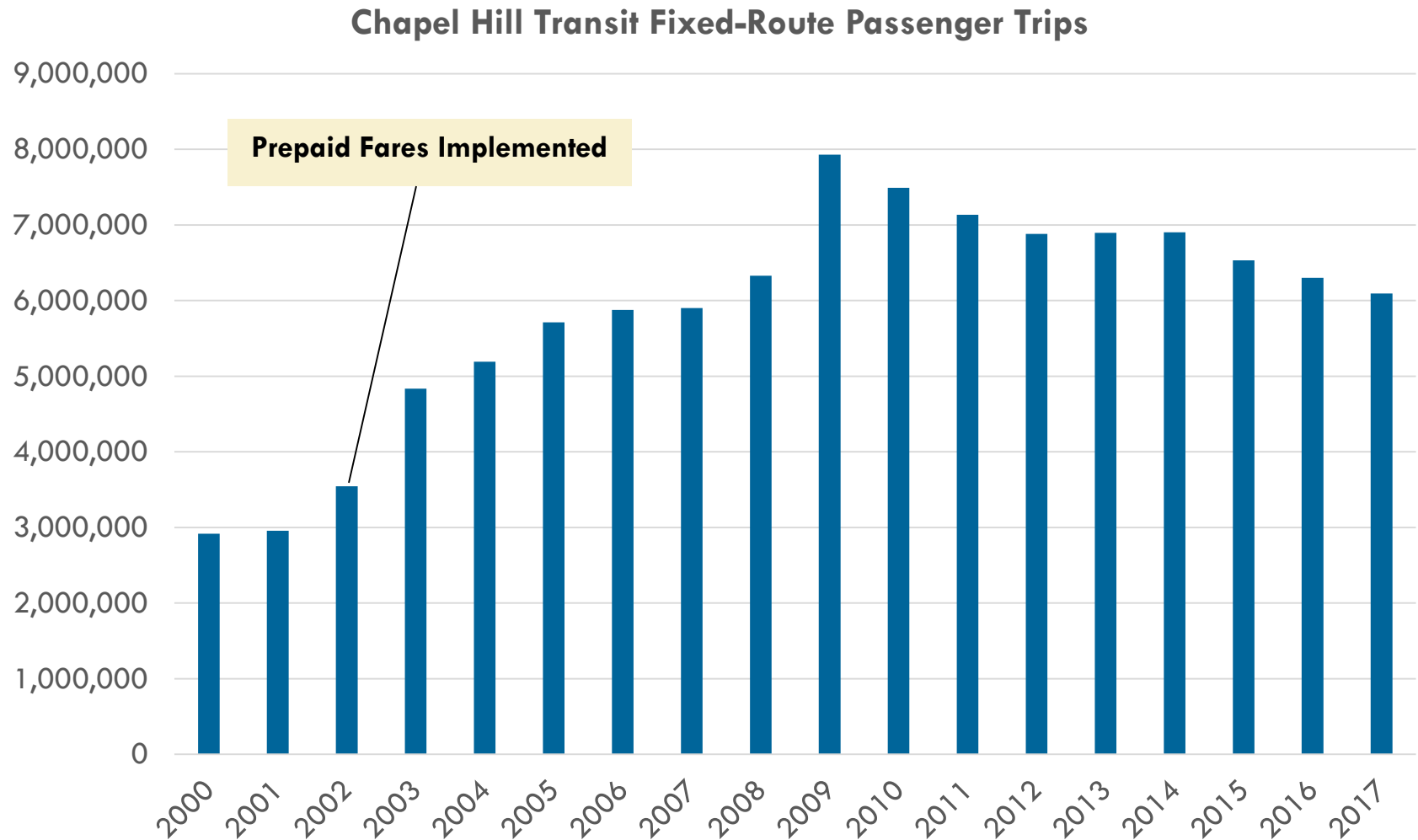
Corvallis Transit System

- Ridership increased 39% in the first year
 - Continued to climb for another two or three years and then leveled off
 - New service should help continue ridership increases

Mountain Line

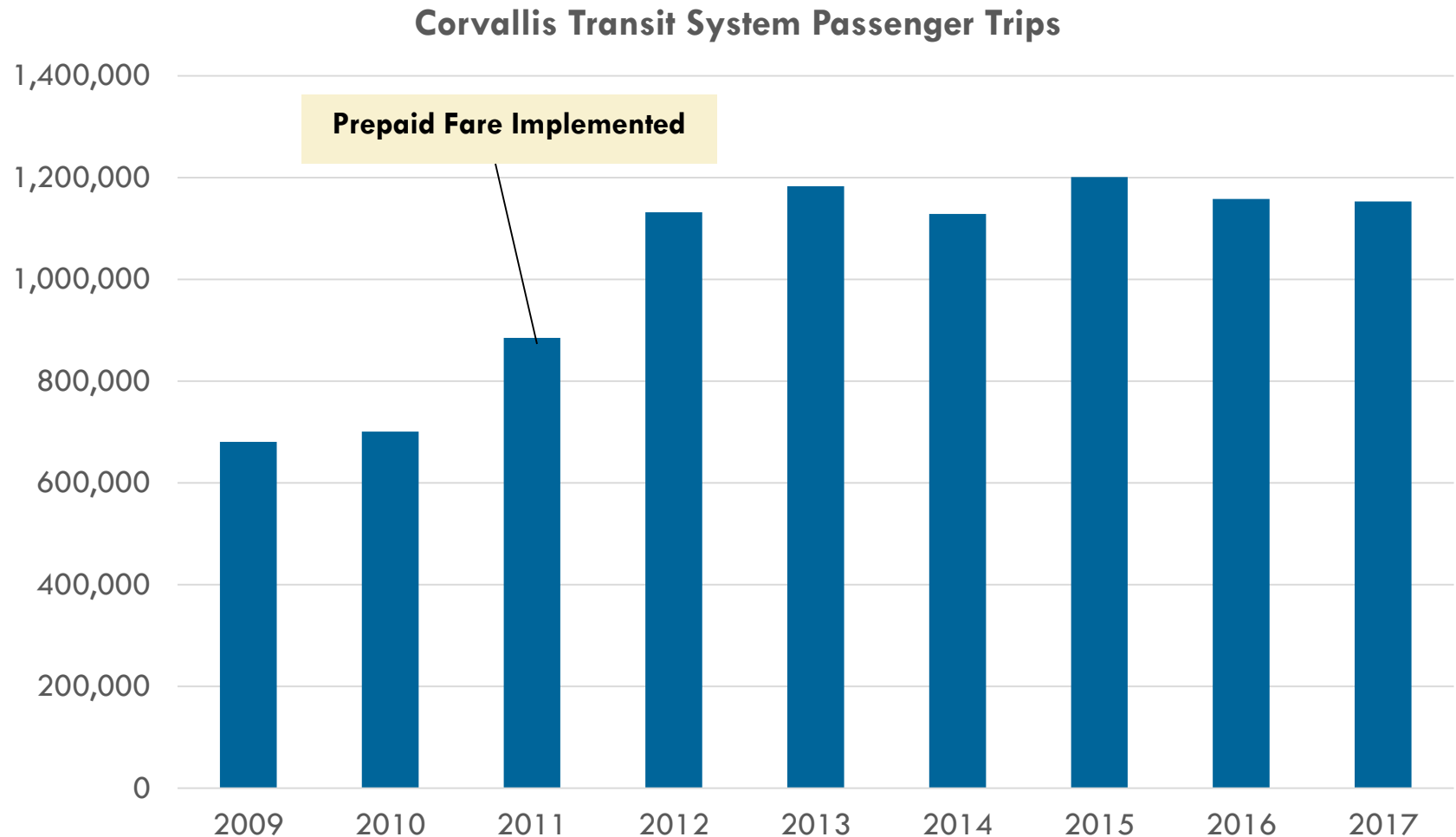
- With no additional service, ridership has increased almost 70%
 - Aimed for 40% in three years—and almost hit that target in one year
 - Fixed-route ridership is now leveling off

Chapel Hill Transit Ridership More Than Doubled from 2002 to 2009



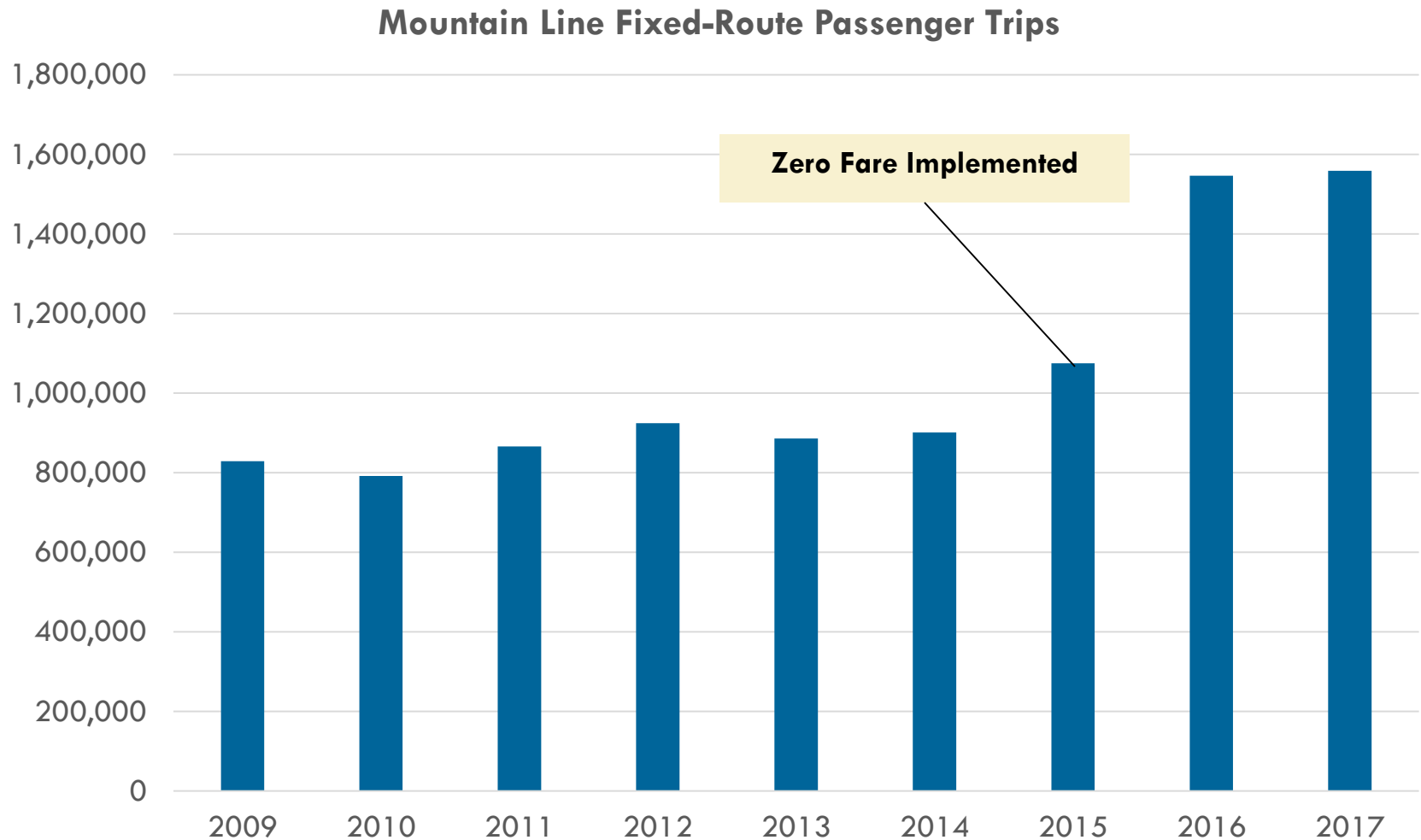
Source: National Transit Database

Corvallis Transit Ridership Increased 59% in Three Years



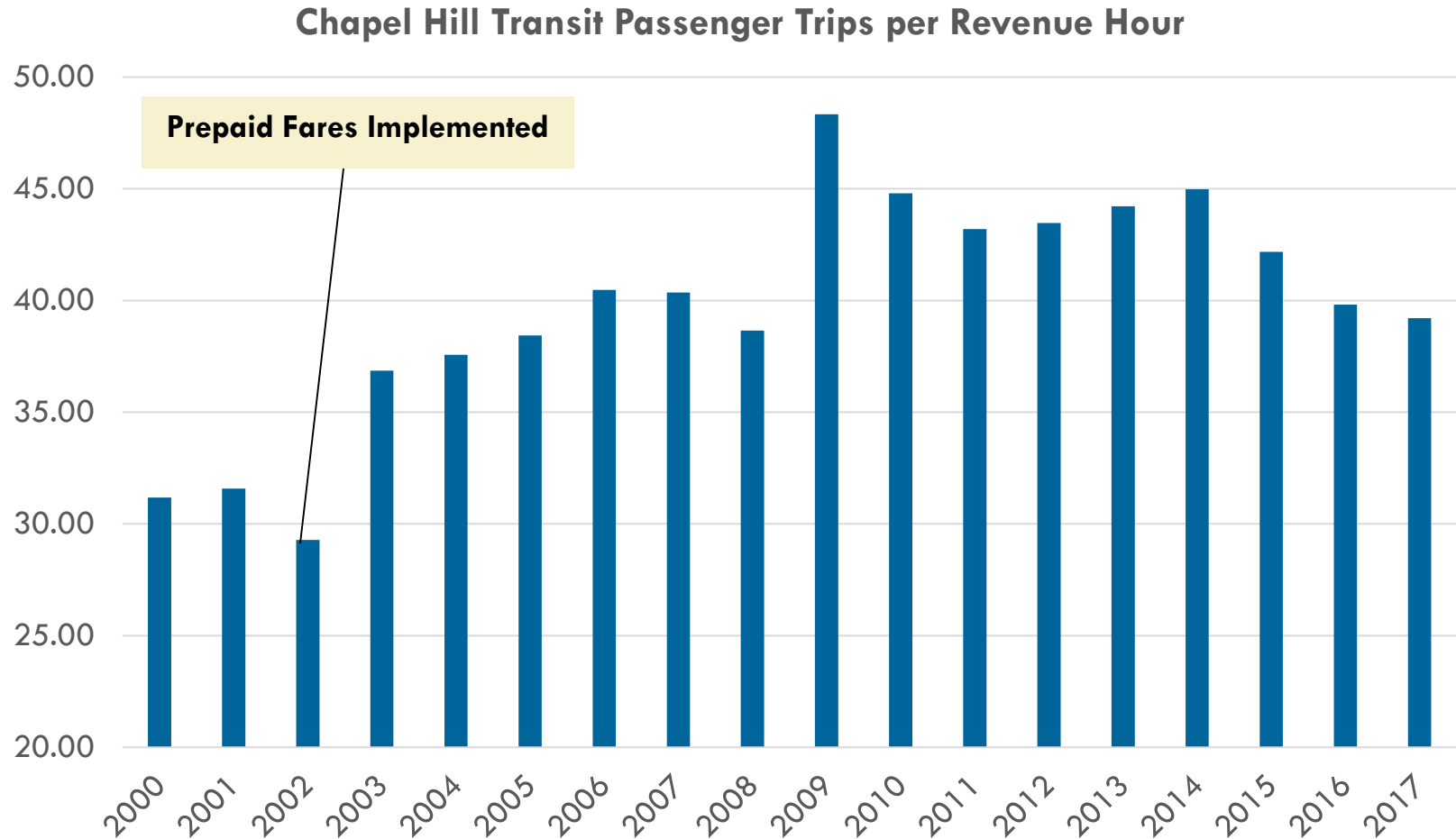
Source: National Transit Database

Mountain Line Ridership Increased 64% in Three Years



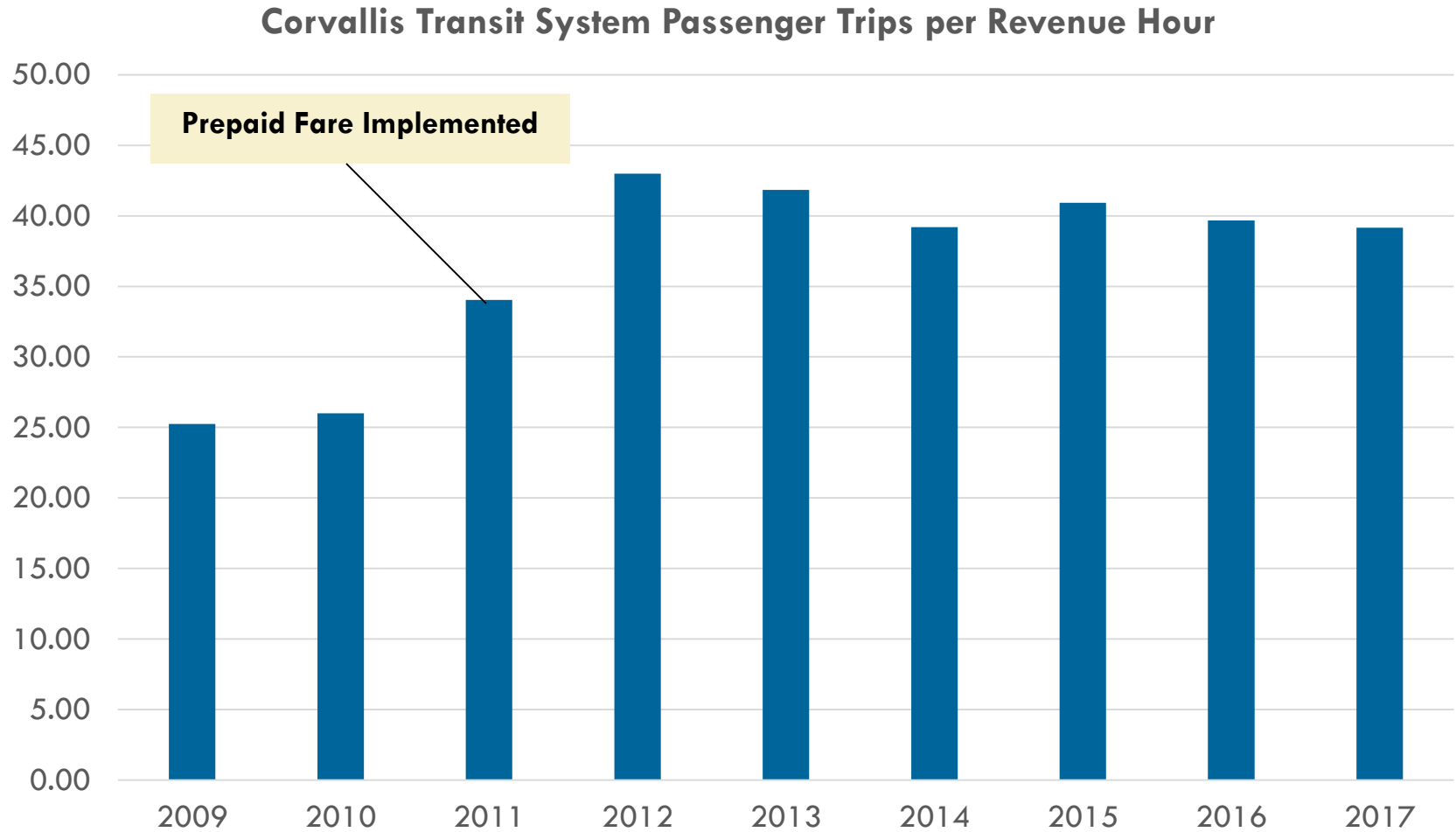
Source: National Transit Database

Each Agency Saw Notable Improvements to Productivity



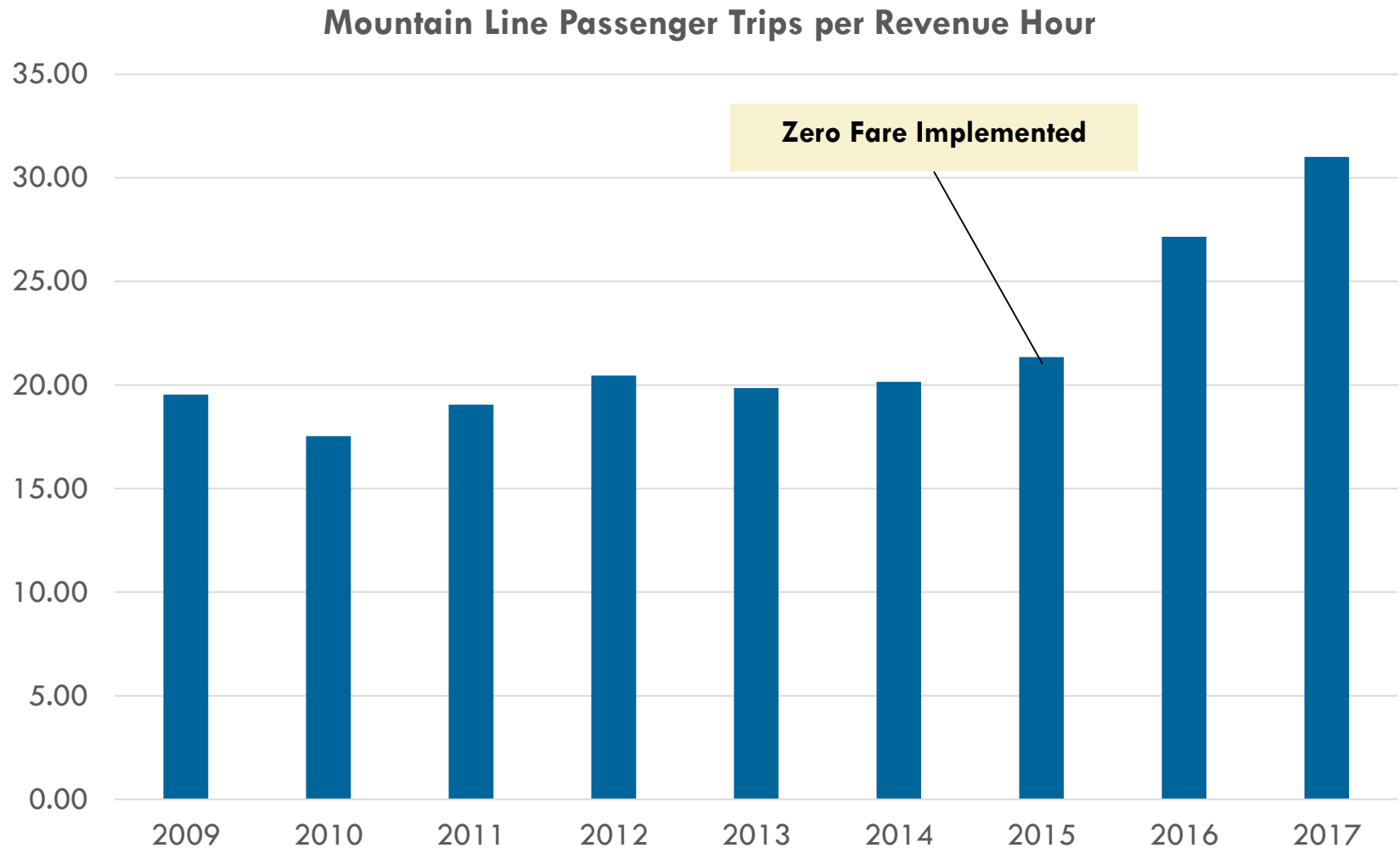
Source: National Transit Database

Each Agency Saw Notable Improvements to Productivity



Source: National Transit Database

Each Agency Saw Notable Improvements to Productivity



Source: National Transit Database

Dwell Time Savings Can Be Negated by Increased Ridership

Chapel Hill Transit

- While buses do stop more frequently with more riders, Chapel Hill recognizes they would need to re-build their schedules if they started collecting fares again
- Used to require parents to fold up strollers before boarding, but now feel that it can take more time and effort

Corvallis Transit System

- Have seen a travel time savings from not collecting fares, though now buses are stopping at almost every stop
 - People are willing to go just two blocks on the bus if they don't have to pay
 - Additional stops definitely impacted on-time performance
- Currently require strollers to be folded up before getting on the bus
 - Related to on-time performance

Mountain Line

- Anecdotally, dwell time is definitely lower but likely balanced out by more riders

Bus Stop Consolidation Remains Largely a Separate Process

Chapel Hill Transit

- Did not conduct a bus stop consolidation analysis

Corvallis Transit System

- Felt bus stop consolidation was challenging to implement at the same time as fare free
 - Not very palatable to give riders a new incentive to get on the bus, while also telling them the stop closest to them is being eliminated
 - Did remove some stops on a case-by-case basis, but not with a holistic view
- Will be conducting a big consolidation study in conjunction with expanding service in September 2019

Mountain Line

- Currently updating bus stop master plan, but an unrelated process from zero fare

Each Agency Has Experienced Increased Staffing Needs

Chapel Hill Transit

- Essential to consider how facilities, operations, supervisors expand
 - CHT did not plan well for this and is still digging out of it today
 - Still very understaffed for what they've been able to accomplish

Corvallis Transit System

- Prepaid saves admin. time, but agency has been very short-staffed
- With additional funding, they will be able to hire new staff

Mountain Line

- Have doubled the number of supervisors
- Currently recruiting for more paratransit schedulers
- Pushback from older operators accustomed to driving around empty buses and not actually dealing with people
- Overall a difficult time to be hiring given the strong economy

*IT likely won't experience same level of "crunch" due to Prop 1 expansion and expectation to increase staff along with service.

Agency Policies Can Reduce the Potential for On-Board Passenger Disturbances

Chapel Hill Transit

- Passengers can ride a maximum of one complete round-trip
 - Enforced by the operator who is empowered to use discretion
 - Rarely enforced (maybe once or twice a month)
 - No longer included in agency literature—overall not a big deal

Corvallis Transit System (Corvallis, OR)

- Also have an “origin to destination” policy for riders
 - Drivers empowered to do something about it if there is an issue

Mountain Line (Missoula, MT)

- Have strict policies about passengers loitering at transit center
- Several policies in place now existed before zero fare
 - Similar to CHT and CTS, have a “one trip” policy for riders
 - Also have strict policies about weapons and behavior

While More Issues May Occur Now, They are Proportional in Relation to Increased Ridership

Chapel Hill Transit (Chapel Hill, NC)

- No significant increase in issues related to prepaid fare

Corvallis Transit System (Corvallis, OR)

- Cameras on the buses have been a big help
 - Cut down on the investigation process about 80%
- Prepaid fare has eliminated conflicts that can occur with paying the fare

Mountain Line (Missoula, MT)

- Problems do not seem to be any worse, there are just more people on the bus now overall
 - But can be a lot more work for the operators than in the past

Ridership Increases for Demand Response Service Should Also Be Anticipated

Chapel Hill Transit (Chapel Hill, NC)

- Paratransit ridership increased 20% in one year

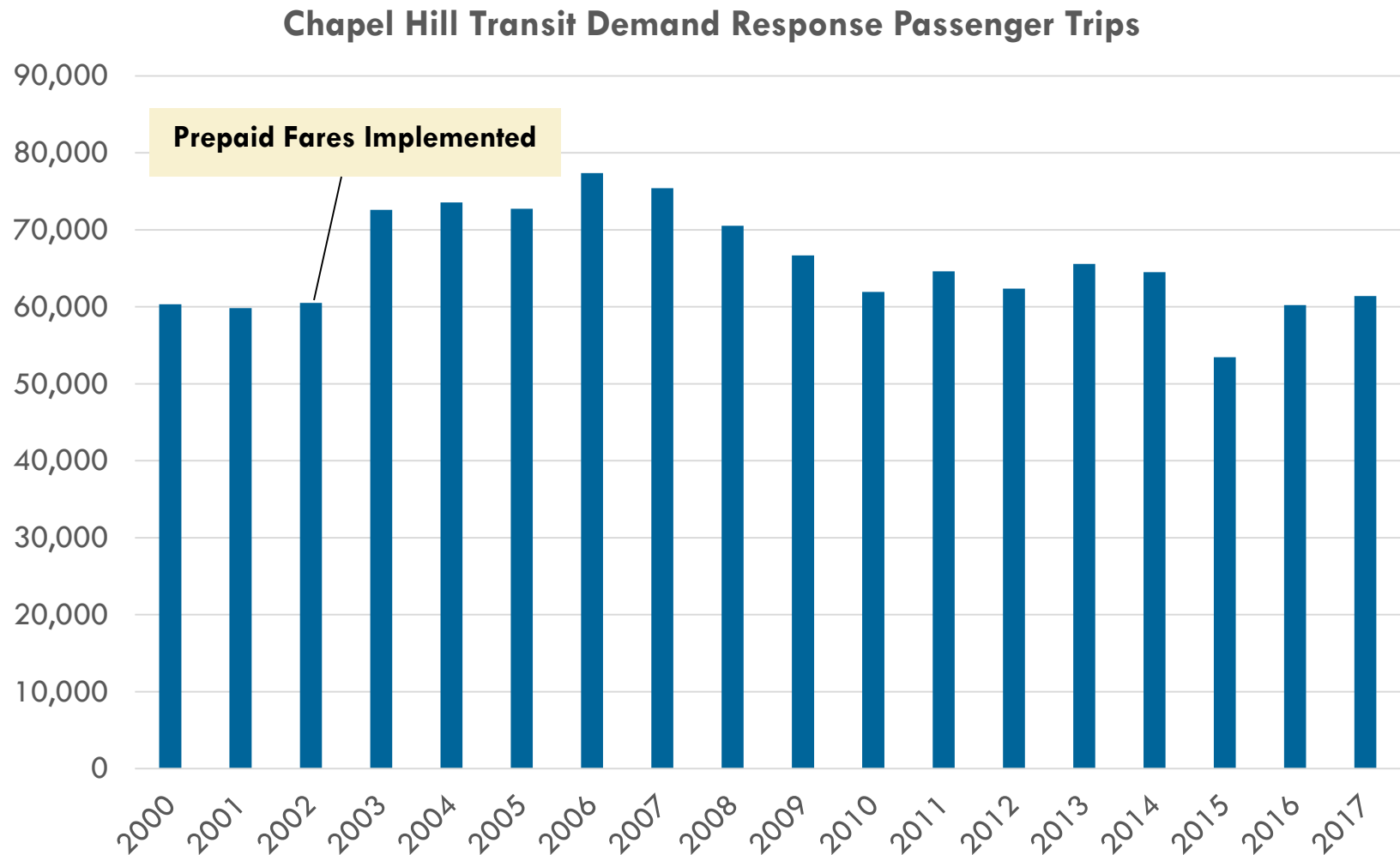
Corvallis Transit System (Corvallis, OR)

- Seen about a 30% increase in ridership

Mountain Line (Missoula, MT)

- Demand response trips are steadily increasing
 - 26,000 rides in 2016; 30,000 in 2017; 32,000 in 2018; likely higher in 2019 so far

Chapel Hill Demand Response Ridership Increased Initially but is Currently Declining



Source: National Transit Database

Prepaid Fare Has Been a Largely Positive Experience

Chapel Hill Transit

- Funding partners and the public are definitely not interested in returning to charging fares

Corvallis Transit System

- Overwhelming support from social service agencies, students, and environmentalists
- Can't imagine going back to a paid fare system
- The university touts it, social services count on it, and new apartments want to be close to transit

Mountain Line

- Zero fare has improved the connectivity of the community
- Has helped put Mountain Line on the map and has transformed the agency into far and away the best system in Montana
- Only pushback has been from a loud minority who tends to make noise about anything tax-related

Chapel Hill Transit: Words of Wisdom

Chapel Hill Transit

- Ensure you plan for staffing needs (including operators and supervisors), new vehicles, and vehicle replacement
- Look at it as “prepaid” rather than “fare free”
 - Remind people that they do pay for the service, just not in fares



Corvallis Transit System: Words of Wisdom

Corvallis Transit System

- “If I had to describe the process of going fareless, it’s 99% positive”
- Anticipated most of what was going to happen
 - Nothing so big it couldn’t be fixed quickly
- Community input is extraordinarily important
 - Don’t want backlash from a small group and then have to undo the program
 - Need to have overwhelming support to implement this type of service
- Community is generally already supportive of transit in university towns
- Corvallis was ripe for something like this, and overall it’s been a huge success



Mountain Line: Words of Wisdom

Mountain Line

- Implement zero fare separately from other improvements so it's clear who's paying for it and how it's happening
- Everybody is excited about zero fare for a reason
 - Uber really only serves a certain segment of the population—most can't afford a \$10 or \$20 ride
 - As we're seeing ridership decline nationally, it's a good move
- Great for increasing ridership and improving mobility in the community
- Can improve affordability for households that may now need one less car
- Important to message that it benefits *everybody* in the community
 - Everybody participates in the economy regardless of how much money they have
 - Zero fare service frees up people's money for other things



New Fare System Has Led to More Discretionary Grant Awards for Mountain Line

Mountain Line

- Brought in about \$3 million in grant funding over the last couple years
 - Ridership increases bumped the agency into a higher tier of systems
 - Grants received include “no-low” emissions and bus/bus facilities grants



Prepaid Fare Lessons Learned from Peer Agencies

- Ridership increased dramatically for each agency
 - Route productivity also increased
- Each agency has experienced increased staffing needs
- Agency policies can reduce the potential for on-board passenger disturbances
 - While more issues may occur, they are proportional in relation to increased ridership
- Ridership, revenue hours, and staffing increases for demand response service should be anticipated
- Going fare free has been a largely positive experience and success

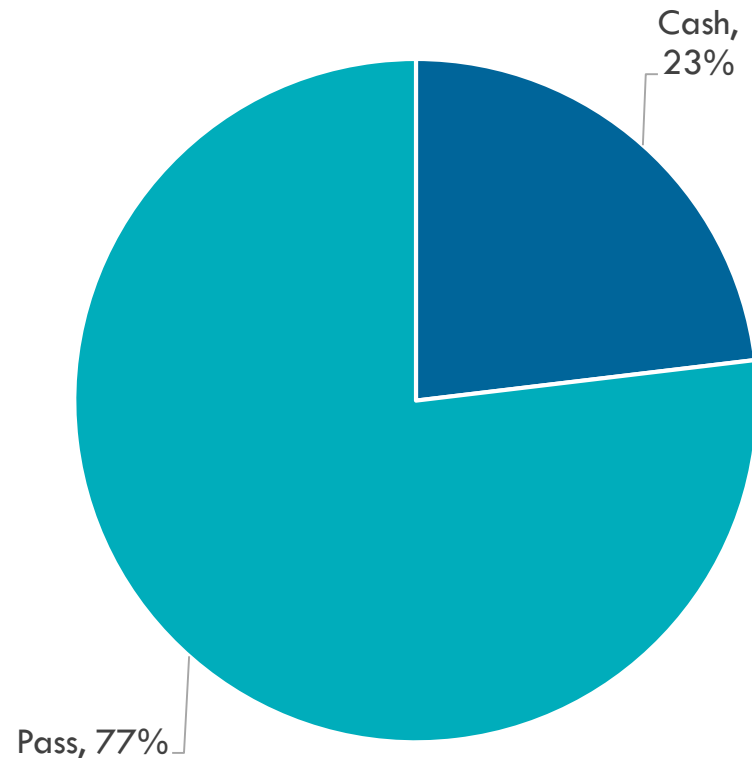
Excess Capacity Exists on Intercity Transit Routes

- Ridership predicted to increase at least 40%, based on peer agency experience
- Even with ridership increases up to 60%, there are no anticipated cost impacts related to capacity



Prepaid Fare Can Provide Slack for Tight Schedules, but Not Anticipated to Have Notable Cost Savings

- Fare free boarding speeds up passenger loading time
- Time savings primarily for cash riders
 - 23% of Intercity passengers pay cash
- Results in 3.5 hours travel time saved per day across all routes
 - Example: Route 62A saves 20 minutes per day due to faster boarding—or <1 minute per trip



Source: Intercity Transit 2015 Passenger Satisfaction Survey

What are the Key Findings and Next Steps?

Upgraded Fare Technology Costs

Upgraded Fare Technology – Intercity Transit Only

- Capital costs ranging from \$2.3 million to \$2.8 million

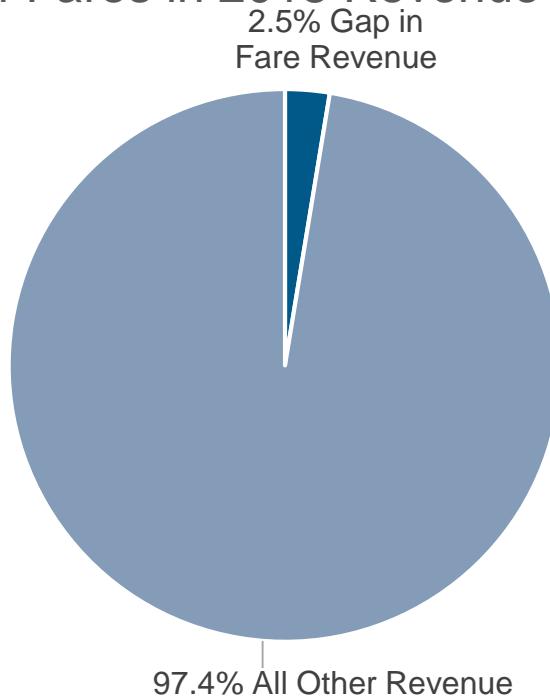
Next Generation ORCA – Regional Integration

- Based on other regional estimates:
 - Capital costs could range from \$1 million to \$3.6 million.
 - Intercity Transit would need to clarify if this amount includes new farebox purchases
 - Additional annual operating costs could range from \$1 million to \$1.7 million
- Cost estimates related to Next Generation ORCA are high level and would need to be explored further

Fare Replacement

2018 Fare Collection	\$2,776,000
2018 Existing Partner Fares	\$ -586,000
2018 Cost to Collect Fares	<u>\$ -649,000</u>
Gap in Fare Revenue	\$1,543,000

Value of Fares in 2018 Revenue Portfolio



Upgraded Fare Technology vs. Prepaid Fare

How Well Do They Meet Established Goals?

Shared community goals



*Get where they
are going faster*



*Make it easier
to pay*



*Make it more
affordable*



*Encourage people
to ride the bus*



*Reduce fare hassles
and uncertainty*

Upgraded fare technology



*Get where they
are going faster*



*Make it easier
to pay*

Prepaid Fare



**Promotes
social equity**

Riders least able
to afford fares
are currently
paying them



**Increases
ridership**

Systems report
an increase of
30–40% ridership



**Makes bus
service faster**

3–7% speed
improvement
without fare
collection
waiting time



**Lowers
operating costs**

Eliminates
costs for fare
collection, fare
equipment, ticket
management, and
administration



**Removes
barriers**

Increases
convenience
and removes the
hassle of finding
cash to ride
the bus



**Reduces traffic
congestion**

Gets more
people riding the
bus leaving fewer
cars on the road



**Environmentally
friendly**

Gets more
people riding the
bus leaving fewer
cars on the road

Next Steps

- Determine path forward
 - New Fare Payment System
 - Prepaid Fare



Fare Replacement

- Gap Reduction Options:
 - Expanded Partnerships
 - Total revenue replacement (\$1,576,000)
 - Partial revenue replacement (\$1 - \$1,576,000)
 - Monetize the value:
 - Ridership increases
 - Congestion reduction
 - Environmental benefits
 - Social equity
 - Employee transportation
 - Economic development value
 - Remove barriers
- Approach Recommendations
 - Pilot Project?
 - Community Engagement
 - Partner Approach



Economic Development Value Proposition: What If Scenario

- **Thurston is a designated IPZ for Brewing-Distilling**
 - We are developing a skilled workforce through SPSCC
 - We are seeking to attract and grow related enterprises
- **Assume two 50-employee breweries are considering locating here**
 - 1 in Lacey Gateway/1 in South Tumwater
 - Both are heavily-dependent on bus service to deliver employees on-time
 - Free transit is instrumental in their siting decision
- **What would impact be if we helped tip the scale?**

Employment, Sales and Payroll

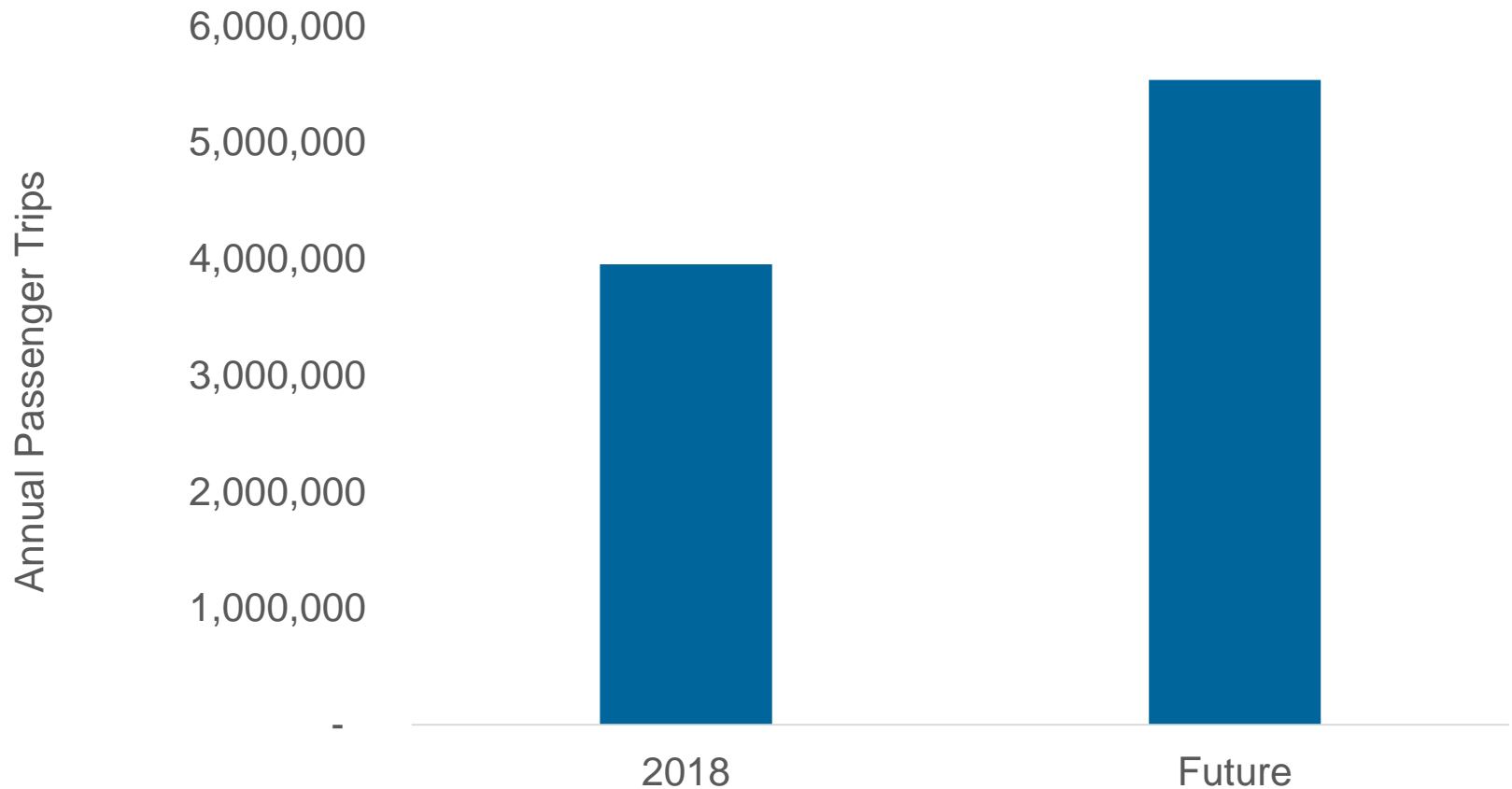
	Direct	Indirect	Induced	Total
Employment	50	11	8	69
Sales/Output	\$16,811,101	\$2,927,486	\$1,325,207	\$21,063,795
Compensation	\$1,934,590	\$801,209	\$415,208	\$3,151,007

Ripple Effects (Nearly \$2M)

Industry Ripple Effects	Jobs	Sales
Glass Product Manufacturing / Purchased Glass	2	\$644,151
Corporate, Subsidiary, Regional Managing Offices	2	\$264,670
Metal Can Manufacturing	2	\$834,950
Corrugated and Solid Fiber Box Manufacturing	1	\$300,512
Crop Production (Proprietors)	1	\$87,846
Limited-Service Restaurants	1	\$37,449

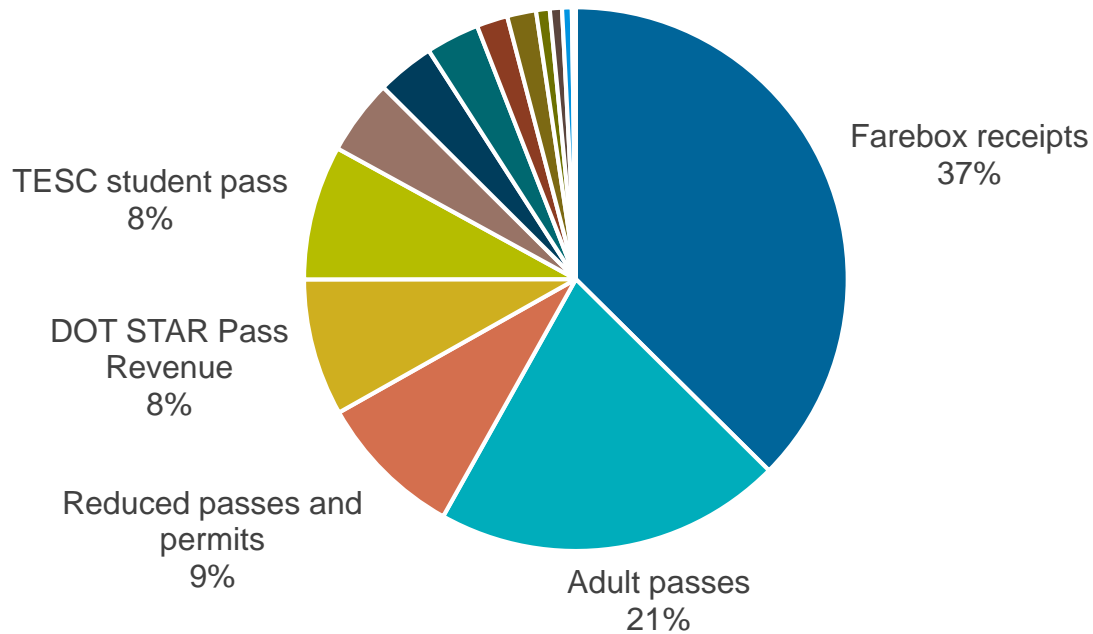
Ridership Value Proposition: 40% Trip Increase

Projected Ride Gains with Prepaid Fare



Sources of Fare Revenue

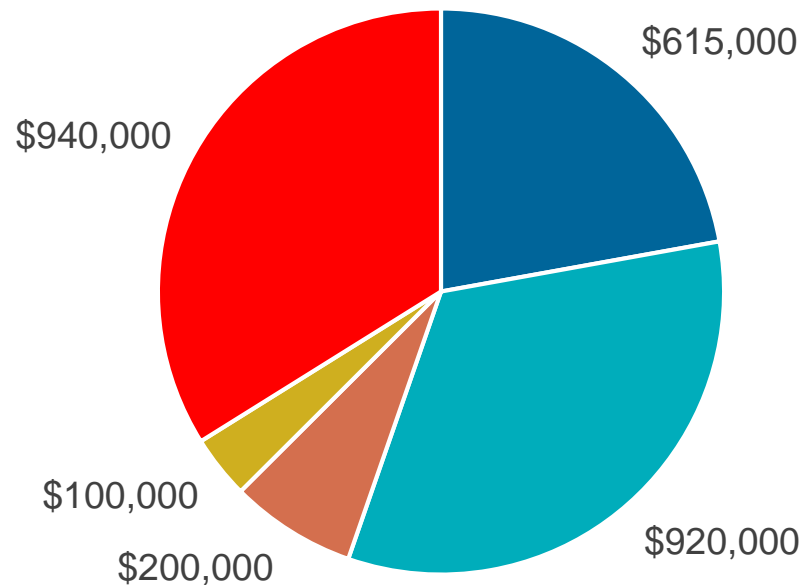
Fare Revenue Sources: 2018



- Farebox receipts
- DOT STAR Pass Revenue
- SPSCC student pass
- Reduced annual passes
- St Martin's Student Pass
- Adult passes
- TESC student pass
- Youth passes
- Summer Youth Passes
- Thurston County Pass Revenue
- Reduced passes and permits
- Misc/Tickets/Laminations
- Olympia Express
- City of Olympia Go Pass

How Prepaid Fare Might Work

Fare Replacement Scenario: Sources and Gap



■ Remove Cost of Fare Collection

■ New Jurisdiction Investments

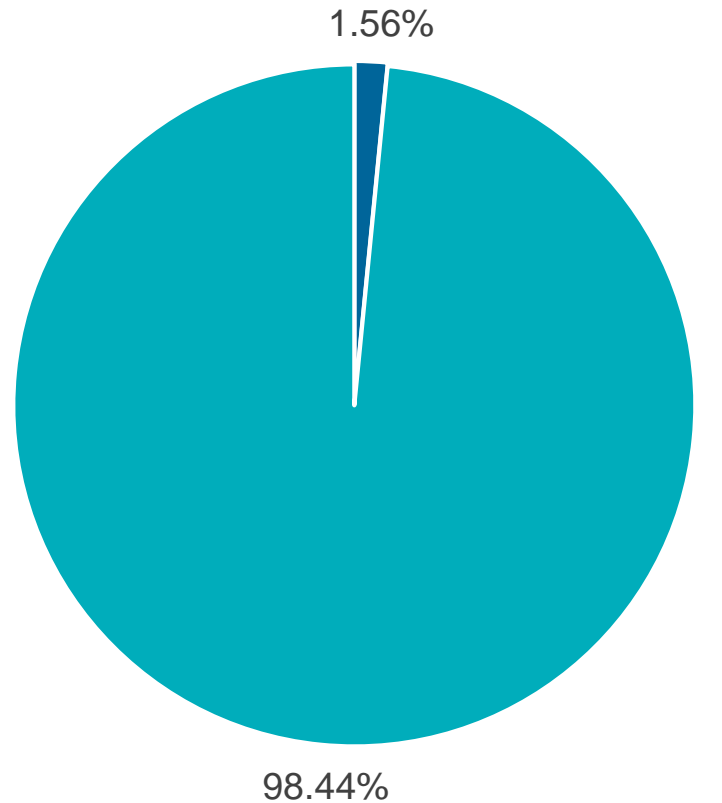
■ Fare Revenue Gap

■ Current Partner Investments

■ New Corporate/Community Org Investments

Impact of Foregone Fares in Replacement Scenario

Budget Impact of Partial Fare Replacement: 2018
(\$1.8M of \$2.775M Prepaid; \$940K Revenue Gap)



■ Fare Revenue Gap ■ Total Revenue