

BOARD OF DIRECTORS REPORT

To: David A. Genova, Interim General Manager and CEO

From: Scott Reed, Assistant General Manager

Date: October 15, 2015

Subject: Recommended Changes to the Non-Profit Agency Reduced Fare Program

Date: October 15, 2015

GM

Board Meeting Date: October 27, 2015

RECOMMENDED ACTION

It is recommended by the Operations/Customer Services Committee that RTD staff be authorized to make changes to the RTD Non-Profit Agency Reduced Fare Program as detailed in Attachment A of this action to be implemented by January 1, 2016.

BACKGROUND

RTD's Non-Profit Agency Reduced Fare Program has been in existence for more than 25 years. The purpose of the program is to offer government agencies and nonprofit organizations the opportunity to purchase discounted RTD fare media for distribution to their low income clients. There are currently over 240 participating agencies. Those agencies purchase approximately \$5.8 million annually in RTD fare media at a variety of reduced rates.

Many agencies currently participating in the program and agencies that have chosen not to participate in the program have indicated that some of the program's administrative requirements are somewhat burdensome. Those requirements include the submittal of quarterly and annual reports and maintaining a distribution log for each pass or ticket distributed.

DISCUSSION

In March 2015, RTD staff surveyed 360 staff members of current participating agencies to seek input regarding desired program changes. 140 responses were received, a 39 percent response rate. Many of the staff recommended program changes were suggested by agencies in that survey. A second survey of the same participating agencies was conducted from September 28 through October 15. Agencies were asked to comment on the staff proposed changes that were presented to the RTD Board at the September 29 Study Session. Thus far, 28 responses have been received from agencies. The recommended changes to administrative requirements received overwhelming support, as did the simplification of discounts on monthly pass products. Several agencies did express concern over the proposed change in the discount for 10-Ride Ticket Books from the current 60 percent to 50 percent.

After consideration of the input from the agencies, staff feels that the overall package of changes to the program will provide a net benefit to agencies and will enable many current agencies to expand their participation and for new agencies to join the program. The staff recommendations are contained in Attachment A of this document.

FINANCIAL IMPACT

In 2014, RTD received \$2.5 million in revenue from participating agencies in exchange for fare media with a face value of \$5.8 million. Staff anticipates that the demand for discounted fare media will increase under the proposed program changes and is recommending that an annual cap of \$6.8 million in fare media face value be implemented initially until such time as the financial impact of the proposed

changes can be better evaluated. If the proposed \$6.8 million annual cap is met, revenue to RTD would increase to approximately \$3.4 million annually.

ALTERNATIVES

1. Adopt the proposed changes to the RTD Non-Profit Agency Reduced Fare Program to be implemented by January 1, 2016 with an annual cap of \$6.8 million in fare media face value that would increase program revenue to RTD to by approximately \$160,000. This is the recommended alternative.
2. Adopt the proposed changes to the RTD Non-Profit Agency Reduced Fare Program as detailed in Attachment A, but cap annual sales at the current level of \$5.8 million in fare media face value. This is not recommended because with the changes in prices of fare media associated with this program having increased with the pending fare increase, agencies would be able to provide fewer rides to their clients.
3. Do not adopt the proposed changes and maintain the program with current fare media discounts and administrative requirements. This is not recommended as staff feels the recommended changes will improve availability of reduced fare RTD fare media for low income individuals.



ATTACHMENTS:

- Attachment for Board Report nonprofit program 2015 10 15 final- (DOCX)

Prepared by:

Tony McCaulay, Senior Manager

Approved by:

Scott Reed, Assistant General Manager 10/15/2015 David J. Genova, Interim General Manager and CEO 10/23/2015

APPENDIX A
RTD NON-PROFIT AGENCY REDUCED FARE PROGRAM RECOMMENDATIONS FOR 2016

The goal is to streamline this program and make it more affordable and accessible for customers and more manageable for agencies.

Fundamental Program Changes

- Change the name of the program from “RTD Non-Profit Agency Reduced Fare Program” to “RTD Nonprofit Program”.
- Offer new Day Pass Ticket Books as another fare option for agencies.
- Offer the same 50% discount on all fare media (10-Ride Ticket Books, Day Pass Ticket Books and all regular and discount monthly passes) and eliminate quantity restrictions previously part of the 40% monthly pass program. Currently, there are three program components with different discounts:
 - a. 60% discount on 10-Ride Ticket Books (all types, regular and discount)
 - b. 25% discount on monthly passes (all types, regular and discount)
 - c. 40% discount on monthly passes (regular local only, limit of 25)
- Permit agencies to recover up to 100% of the price paid to RTD from their clients for all fare media. Currently this is only allowed on the 25% monthly pass component of the program and the agency is required to have a minimum contribution of 25% of the face value of the pass.

Administrative Changes for Participating Agencies

- Eliminate quarterly and annual reports, replace with an annual agency CEO certification of continued compliance with program policies and procedures and periodic agency audits.
- Eliminate the requirement that agencies maintain a distribution log for each pass or ticket distributed.
- Allow the distribution from primary account holder to other partner agencies with proper documentation.
- Permit agencies to return unused monthly passes for credit to their account.
- Limit agencies to one order per calendar month.
- Orders may be picked up by appointment or may be shipped at agency’s expense.
- Implement cap of \$575,000 per month in fare media face value, at least initially. Existing program participants currently purchase an average of \$485,000 per month in fare media face value. Cap represents an 18% increase over current sales.
- Existing agencies will be guaranteed the ability to purchase current average monthly pass/ticket quantities plus 10%

Appendix A (page 2)

Current Pricing for Agencies

10-Rides	Public Cost	Agency Cost
Local Regular	\$ 20.00	\$ 9.00
Local Discount	\$ 10.00	\$ 4.40
Express Regular	\$ 36.00	\$16.00
Express Discount	\$ 18.00	\$ 8.00
Regional Regular	\$ 45.00	\$20.00
Regional Discount	\$ 22.50	\$10.00

Monthly Pass	Public Cost	Agency Cost	Maximum Client Contribution	Minimum Agency Contribution
Local Regular	\$ 79.00	\$ 59.25	\$ 39.50	\$ 19.75
Local Discount	\$ 39.50	\$ 29.62	\$ 19.74	\$ 9.88
Express Regular	\$ 140.00	\$ 105.00	\$ 70.00	\$ 35.00
Express Discount	\$ 70.00	\$ 52.50	\$ 35.00	\$ 17.50
Regional Regular	\$ 176.00	\$ 132.00	\$ 88.00	\$ 44.00
Regional Discount	\$ 88.00	\$ 66.00	\$ 44.00	\$ 22.00

Agency may choose 40% discount on local monthly pass (agency cost \$47.40 per pass), limit of 25 per month.

Proposed Pricing for Agencies (50% discount)

10-Ride Ticket Books	Public Cost	Agency Cost	Maximum Client Contribution	Minimum Agency Contribution
Local Regular	\$ 23.40	\$ 11.70	\$ 11.70	\$ 0.0
Local Discount	\$ 11.70	\$ 5.85	\$ 5.85	\$ 0.0
Regional Regular	\$ 40.50	\$ 20.25	\$ 20.25	\$ 0.0
Regional Discount	\$ 20.25	\$ 10.15	\$ 10.15	\$ 0.0

Day Pass Ticket Books	Public Cost	Agency Cost	Maximum Client Contribution	Minimum Agency Contribution
Local Regular	\$ 26.00	\$ 13.00	\$ 13.00	\$ 0.0
Local Discount	\$ 13.00	\$ 6.50	\$ 6.50	\$ 0.0
Regional/Airport Regular	\$ 45.00	\$ 22.50	\$ 22.50	\$ 0.0
Regional/Airport Discount	\$ 22.50	\$ 11.25	\$ 11.25	\$ 0.0

Monthly Pass	Public Cost	Agency Cost	Maximum Client Contribution	Minimum Agency Contribution
Local Regular	\$ 99.00	\$ 49.50	\$ 49.50	\$ 0.0
Local Discount	\$ 49.00	\$ 24.50	\$ 24.50	\$ 0.0
Regional Regular	\$ 171.00	\$ 85.50	\$ 85.50	\$ 0.0
Regional Discount	\$ 85.00	\$ 42.50	\$ 42.50	\$ 0.0

Attachment: Attachment for Board Report nonprofit program 2015 10 15 final- (2553 : Recommended Changes to the Non-Profit Agency