



Minnesota Regional Transit
Board: Records.

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REGIONAL TRANSIT BOARD

270 Metro Square Building
St. Paul, Minnesota 55101
612/292-8789

MEETING OF THE REGIONAL TRANSIT BOARD
Monday, June 1, 1987
Metropolitan Council Chambers
4:00 p.m.

AMENDED AGENDA

1. Call to Order and Roll Call
2. Approval of Agenda
3. Light Rail Transit Position Statement
4. Resolution Authorizing Negotiation and Execution of Extension of Lease Termination Rights
Resolution No. 87-12
5. New Schedule for Regional Transit Board and Committee meetings
6. REPORT OF THE NOMINATIONS COMMITTEE Paul Joyce,
Chair
7. REPORT OF THE POLICY COMMITTEE Doris Caranicas,
Chair
 - A. Review of the Normandy Block Project Draft Environmental Impact Statement
8. REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE Ruth Franklin,
Chair
 - A. Request to Amend the Implementation and Financial Plan to Include the Two Capital Budget Amendments
 - B. Agreement--University of Minnesota's Center for Transportation Studies Joint Research Program
 - C. Financial Statements, March 1987
9. OTHER BUSINESS
 - A. Chairman's Report
 - B. Members' Reports
 - C. Advisory Committee Reports
 - D. Staff Reports
8. PUBLIC COMMENT

Elliott Perovich
Chairman

Bertrand
 Weary
 Bob Pomeroy
 Ding
 Lyman

Sailor

Blen
 Beans
 KT
 RS
 Breckli
 MF
 Intem
 GA
 Ryan

REGIONAL TRANSIT BOARD
ROLL CALL AND ATTENDANCE SHEET

DATE: June 1, 1987

BOARD OR COMMITTEE RTB

87-12

MEMBER NAME	PRESENT	VOTE	VOTE	VOTE	VOTE	VOTE
Chairman	✓		2			
Doris Caranicas	✓		1			
Ruth Franklin	no					
Carole Faricy	no					
Alison Fuhr	✓		2			
Rochelle Graves	✓		2			
George Isaacs	✓		2			
Paul Joyce	✓		2			
Edward Kranz	✓		2			



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(Please bring material from last board meeting)
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Chair
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 - A. Chairman's Report
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8. PUBLIC COMMENT

Elliott Perovich
Chairman

Recommended RTB Position Statement on Light Rail Transit

As recently concluded by the Metropolitan Council in their Long Range Transit Analysis, "transit capital investments can have a significant impact on highly traveled corridors in terms of increasing transit ridership; alleviating roadway congestion; serving the needs of persons dependent on transit; and providing attractive, convenient alternatives to the private automobile," and, "transit capital investments in certain corridors have the potential to achieve long-term transit operating cost savings which would offset the initial capital investment."

Furthermore, the Council cites in this same report, "No single transit capital improvement is appropriate for application across the entire region. Preferential access, busways, high-occupancy-vehicle (HOV) lanes, and light rail transit (LRT) are appropriate transit alternatives which are applicable to certain patronage levels, corridors and alignments." (Source: A Study of Potential Transit Capital Investments in Twin Cities Corridors: Long Range Transit Analysis, December, 1986.)

The Regional Transit Board endorses these findings and has formulated the following position statement on light rail transit to incorporate the Metropolitan Council conclusions.

Light rail transit can offer an efficient and cost-effective transit option in certain transportation corridors in the Twin Cities metropolitan area. Light rail transit should become an integral component of the area's coordinated transportation system. The Regional Transit Board will take a key role in conducting or coordinating planning, engineering and financial studies that will determine the optimal circumstances for deploying light rail transit in this metropolitan area and to promote a coordinated, balanced transportation system.

The Regional Transit Board endorses the findings of the Metropolitan Council's Long Range Transit Study which indicate that University Avenue and Minneapolis South corridors are the top priority corridors for transit capital improvements in the region; and Hiawatha Avenue, Northwest, North and Southwest/Nicollet alignments form a second priority category. As suggested by the Metropolitan Council, these priorities reflect regional policies and objectives and should not be construed as an implementation schedule for specific projects which are subject to funding opportunities and constraints, and social and economic-impact reviews.

The Regional Transit Board will work closely with all metropolitan counties and municipalities to coordinate their activities with regional planning for LRT. Based on the results of various LRT-related activities, which may be accomplished by the RTB or a regional rail authority, and include preliminary engineering, financial feasibility planning and alternative analyses, the board will determine or assist in determining the most appropriate method, circumstances and timing for implementing light rail transit in one or more corridors. The board's approach for dealing with light rail transit can be characterized by the following specific positions and subsequent actions for the following corridors:

* University Avenue

* Light rail transit is the preferred fixed guideway alternative in the University Avenue corridor.

* Preliminary engineering should be conducted for light rail transit in the University Avenue corridor, including logical connections to other corridors through the two downtowns and connections to maintenance yards and shops, as well as site specific development planning for corridor stations in the University Avenue corridor. The University Avenue corridor has been defined to include University Avenue between the downtowns of Minneapolis and St. Paul, the Hiawatha corridor to Lake Street.

* A financial feasibility plan should be developed to identify the strategy to fund the operating and capital requirements necessary to construct light rail transit. The financial feasibility plan will identify the strategy to fund these requirements, with an emphasis on maximizing private sector financial participation.

* The RTB should support the Metro Council in its completion of the Alternative Analysis/Draft Environmental Impact Statement including the separation of the Southwest Corridor from the AA/DEIS to facilitate UMTA approval. A state environmental statement should then be completed for the Southwest Corridor.

* The final decision on implementation of light rail transit will be made after preliminary engineering, additional development planning, and the financial feasibility plan are completed.

* South Corridor

* The RTB should support the Metropolitan Council and the Minnesota Department of Transportation in their completion of the I-35W study. Upon completion of this study, the RTB will review the results and proceed with the steps necessary, including any additional alternative analysis that may be required, to make major transit improvements in this corridor.

* Hiawatha Avenue

* Preliminary engineering activities should be conducted to Lake Street in conjunction with the University Avenue corridor efforts; other limited preliminary engineering activities will be done to facilitate maximum coordination with the roadway preliminary engineering activities for the Hiawatha corridor. This work will include LRT trackwork definition, civil works engineering and station development planning.

* Southwest Corridor

* The RTB supports efforts toward light rail transit development by the Hennepin County Railroad Authority, provided these efforts are consistent with regional goals, plans and policies. The RTB will work closely with Hennepin County to coordinate their activities with regional system planning for light rail transit.

* North and Northwest Corridors

* Alternative analyses should be conducted in the North and Northwest corridors in conjunction with Hennepin and Anoka counties and the Metropolitan Council.

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REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 22, 1987
TO: Regional Transit Board
FROM: Nominations Committee
SUBJECT: Appointment of Regional Transit Board Vice Chair

The Nominations Committee has conferred and approved the following nomination for appointment to the office of Vice Chair of the Board:

RECOMMENDATION

That the Regional Transit Board approve the appointment of Rochelle Graves to the office of Vice Chair of the board, effective immediately.

Paul Joyce
Chair

PJ/mf



U.S. Department
of Transportation

**Urban Mass
Transportation
Administration**

Region V
Illinois, Indiana, Michigan,
Minnesota, Ohio, Wisconsin

300 South Wacker Drive
Suite 1703
Chicago, Illinois 60606

Mr. Steven Keefe, Chair
Metropolitan Council
300 Metro Square Building
St. Paul, Mn. 55101



MAY 21 1987

Dear Mr. Keefe:

This letter is to present general comments on the University Avenue portion of the Twin Cities Draft Alternatives Analysis/Environmental Impact Statement (AA/EIS). The AA was discussed during a meeting between UMTA staff and the Regional Transit Board (RTB) in Washington DC on February 5, 1987. The meeting was attended by Ken Mowll, Rich Steinmann and Ron Jensen-Fisher of UMTA and Elliott Perovich, Judith Hollander and Greg Andrews of the RTB. We understand that the RTB is working on this project with the Metropolitan Council.

The RTB presented a very brief preliminary work plan for a financial analysis of the light rail line along University Avenue between the Minneapolis and St. Paul CBDs. This analysis was designed to maximize private sector participation. The RTB requested Section 6 money for this effort. UMTA would consider such funding upon receipt of a more detailed application.

Following a discussion of the financial analysis, the conversation shifted to the AA and what steps were necessary to reach agreement between UMTA and the Twin Cities.

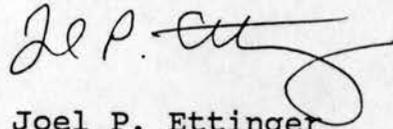
A tentative agreement was reached which calls for the AA/DEIS to proceed only on the University Avenue Corridor. UMTA suggested that the Southwest Corridor part of the document could be issued as a final report, but not as an AA/DEIS, in order to conclude that portion of the study (the RTB did not comment on this suggestion). The RTB will proceed with conceptual engineering on the University Avenue LRT to develop more accurate operating and capital cost estimates before selecting a "Locally Preferred Alternative". Local and formula funds would be used. The results of this additional engineering and the financial analysis will be included in the revised AA/DEIS for the University Corridor.

In addition, UMTA promised to comment on the University Corridor portion of the existing draft of the Southwest/University AA/DEIS. It is assumed that after the RTB has reviewed these comments, the understanding on the University Avenue AA/DEIS can be formalized.

UMTA offers the following attached general comments on the University Avenue portion of the preliminary draft of the Southwest/University AA/DEIS. Additional comments on the financial analysis and privatization will be offered once a detailed work plan for this part of the study effort is submitted to UMTA.

UMTA is very pleased with the results of our meeting and look forward to working closely and expeditiously on the privatization and financial analysis study, and toward resolving the issues which have arisen concerning the AA/DEIS. Please contact me if you have any questions concerning this understanding.

Sincerely,



Joel P. Ettinger
Regional Administrator

Attachments

cc: E. Perovich, RTB
J. Hollander, RTB
N. Diaz, MC

COMMENTS ON THE UNIVERSITY AVENUE PORTION OF THE PRELIMINARY
ALTERNATIVES ANALYSIS/DRAFT ENVIRONMENTAL
IMPACT STATEMENT (AA/DEIS)

1. Editorial

Most of the information contained in the earlier draft of the AA/DEIS should be utilized in a revised University Avenue AA/DEIS, however, the existing document is in need of major editorial improvements. The purpose of the document is to inform the public of the problems to be addressed in the corridor and to present alternative transit solutions to the problems so that the public and interested agencies can determine which solution addresses the problem in the most effective manner. In order to do this, the document must present this information in an easily understood and coherent manner. The current document requires extensive editing before it achieves this goal.

The EIS for the Seattle Downtown Project presents the proposed project and its alternatives in an easily understood manner. Chapter 1 of the Seattle DEIS is attached, and it should be compared to the Twin Cities draft in order to help determine what editorial changes should be incorporated into the revised Twin Cities' document.

2. Alternatives

Sufficient information may already have been developed so that some of the alternatives in the previous draft can be treated briefly and dismissed, rather than be treated fully as final alternatives. UMTA would have no objection to the elimination of LRT-3 and LRT-3S, if local decision makers have already decided that sufficient information has been developed to indicate they are not worth pursuing. In addition, UMTA is willing to discuss the possibility of combining the Busway and TSM alternatives.

UMTA recognizes that minor realignments of the alternatives may be required in connection with private sector participation in the construction and operating cost of the alternatives. Possible realignments should be identified in the description of the alternatives and significant environmental and other impacts of these variations should be identified.

3. Operating Plans

The operating plans for the Busway, LRT-1 and LRT-2 call for reductions in transit vehicle miles traveled (VMT) of between 29 and 40 percent in the corridor over the null alternative. Part of this reduction can be explained because of the use of larger vehicles and part can be explained through the elimination of mid-day express service between the downtowns. Nevertheless, the reduction in transit VMT seems extremely large for proposed transit service which is suppose to offer improved service. Please explain how such a large reduction can be made without resulting in a deterioration of service.

4. Capital Costs

As the level of engineering detail is increased in the conceptual engineering effort, resulting in more reliable cost estimates, special attention should be given to utility relocation and street and sidewalk repair and replacement which may be required as part of the construction of the guideway.

5. Acceleration Rates of the LRT

The acceleration rate assumed for the LRT vehicles is 3.6 MPH/Sec up to 20 MPH. Rail properties should be contacted to determine if this is a realistic acceleration rate when passenger safety and comfort are considered.

6. Affected Environment

Additional maps, especially of parklands and historic resources, would improve the presentation in the affected environment chapter.

7. Patronage Forecasts

There seems to be an unexplained problem with the patronage forecasting models since they can produce results which appear to be internally inconsistent. In the Southwest Corridor, the alternatives which produced the greatest time savings for existing riders attracted fewer new riders than alternatives which had less time savings for existing riders. This result is counter intuitive since it is usually assumed an alternative which offers greater time savings for transit riders would also be more attractive to auto users, thereby attracting more auto users to transit. In the University Corridor, this difficulty does not seem to be a great problem since a comparison of the time savings to existing riders and of the number of new riders seems consistent among the Busway, LRT-1, and LRT-2 alternatives. However, forecasts for the LRT-3 alternatives exhibit this same inconsistency.

The patronage and time savings forecasts for the Busway, LRT-1 and LRT-2 seem to be reasonable when compared to the null and TSM alternatives. However, the unexplained problem with the patronage models does not instill confidence in the patronage forecasts, especially considering the extremely large service cuts assumed in the build alternatives. UMTA will not be able to make a financial commitment to any proposed guideway project in the corridor until it has more confidence in the patronage forecasts. Therefore, an improved modeling effort will be required before completion of a more detailed analysis. We assume that the Twin Cities would also be interested in more refined patronage estimates before making a commitment to a project. UMTA, therefore, hopes that refined patronage estimates could be included in the University Avenue AA/DEIS.

8. Construction Impacts

Impacts during construction should be discussed under one heading at the end of the Environmental Consequences Chapter. In addition, the impact on transportation due to construction should be discussed in the Draft and a plan to mitigate these transportation impacts should be included in the Final AA/DEIS.

9. Financing and Private Participation

Two examples of financing methodologies are attached which should be useful to the Twin Cities in the development of their financing and private participation work plan.

Attachments

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 21, 1987
TO: Regional Transit Board
FROM: Policy Committee
SUBJECT: Report from the Policy Committee

At its May 27, 1987, meeting, the Policy Committee will discuss and be requested to take action on the following agenda item:

- o Review of the Normandy Block Project Draft Environmental Impact Statement

A report and recommendation will be presented at the June 1, 1987, Board meeting.

Doris Caranicas
Chair

PC/BD/TX1

Recommended RTB Position Statement on Light Rail Transit

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Furthermore, the Council cites in this same report, "No single transit capital improvement is appropriate for application across the entire region. Preferential access, busways, high-occupancy-vehicle (HOV) lanes, and light rail transit (LRT) are appropriate transit alternatives which are applicable to certain patronage levels, corridors and alignments." (Source: A Study of Potential Transit Capital Investments in Twin Cities Corridors: Long Range Transit Analysis, December, 1986.)

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* The RTB should support the Metro Council in its completion of the Alternative Analysis/Draft Environmental Impact Statement including the separation of the Southwest Corridor from the AA/DEIS to facilitate UMTA approval. A state environmental statement should then be completed for the Southwest Corridor.

* The final decision on implementation of light rail transit will be made after preliminary engineering, additional development planning, and the financial feasibility plan are completed.

* South Corridor

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* North and Northwest Corridors

* Alternative analyses should be conducted in the North and Northwest corridors in conjunction with Hennepin and Anoka counties and the Metropolitan Council.

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REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 26, 1987
TO: Regional Transit Board
FROM: Administration and Finance Committee
SUBJECT: Report of the A&F Committee

At the regular meeting held Thursday, May 21, 1987, the Administration and Finance Committee reviewed, discussed and took action on the following staff recommendations:

SUBJECT: REQUEST TO AMEND THE IMPLEMENTATION AND FINANCIAL PLAN
TO INCLUDE THE TWO CAPITAL BUDGET AMENDMENTS

Recommendation:

That the Regional Transit Board amend the Implementation and Financial Plan to include the projects included in the capital budget amendments approved by the Board on March 2, 1987 and May 18, 1987. Further, that the RTB transmit this action to the Metropolitan Council.

SUBJECT: AGREEMENT--UNIVERSITY OF MINNESOTA'S CENTER FOR TRANSPORTATION
STUDIES JOINT RESEARCH PROGRAM

Recommendation:

That the Regional Transit Board authorize the executive director to negotiate and enter into an agreement not to exceed \$315,000 with the University of Minnesota's Center for Transportation Studies for the purposes of conducting a Joint Research Program between the two organizations.

SUBJECT: FINANCIAL STATEMENTS - MARCH 1987

Recommendation:

That the Regional Transit Board receive the March 1987 financial statements and direct that they be placed on file.

Ruth Franklin
Chair

PC/BD
ch

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: June 1, 1987
TO: Regional Transit Board *KT*
FROM: Katherine Turnbull, Planning Manager
SUBJECT: Metropolitan Council Approval of the RTB's Revised
Implementation and Financial Plan and Capital Budget Amendment

On Thursday, May 28, 1987, the Metropolitan Council approved both the RTB's revised Implementation and Financial Plan and the capital budget amendment containing the Nicollet Garage and the Midday Bus Storage Facility. Council members complimented the RTB on the revised Implementation and Financial Plan, noting that they especially found the comparison of the Council and RTB goals and policies to be very helpful.

Recommended RTB Position Statement on Light Rail Transit

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REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, St. Paul, MN 55101

RESOLUTION NO. 87-12

RESOLUTION AUTHORIZING NEGOTIATION AND EXECUTION
OF EXTENSION OF LEASE TERMINATION RIGHTS

WHEREAS, the Regional Transit Board has entered into a lease with Ameritas, Inc. for office space; and

WHEREAS, Ameritas, Inc has assigned its interest under said lease to Park Centre Building Investors, Ltd.; and

WHEREAS, certain conditions therein have not been met by the landlord, allowing the Regional Transit Board to terminate the lease; and

WHEREAS, it appears the project is still viable, provided an appropriate extension of the board's termination right is negotiated.

NOW, THEREFORE, BE IT RESOLVED:

THAT the chair and executive director are hereby authorized to execute an extension of the Regional Transit Board's termination rights under the lease with Ameritas, Inc./Park Centre Building Investors, Ltd. to August 1, 1987.

Approved this first day of June 1987.

Elliott Perovich, Chairman

Mary Fitzgerald, Secretary

EXTENSION, WAIVER AND CONSENT

This Extension, Waiver and Consent is made as of May 29, 1987 by and between Park Centre Building Investors, Ltd., a Georgia limited partnership ("Landlord") and the Regional Transit Board, a political subdivision of the State of Minnesota ("Tenant").

RECITALS

a. Ameritas, Inc., a Georgia corporation, as Landlord, and Tenant entered into that certain Lease of Office Space ("Lease") dated March 18, 1987, relating to premises in the former Rosenthal and Globe Buildings, St. Paul, Minnesota.

b. Ameritas, Inc. has assigned its interest to Landlord. The general partners of Landlord are Ameritas, Inc. and John McDonald.

c. The conditions contained in clauses (c) and (d) of Section 3.02 of the Lease have not been satisfied, and the parties desire to extend the time for termination by Tenant accordingly.

d. Capitalized terms used herein but not defined herein shall have the meanings set forth in the Lease.

ACCORDINGLY, Landlord and Tenant agree as follows:

1. Notwithstanding anything to the contrary in Section 3.03, Landlord agrees that Tenant shall not be deemed to have waived its right to terminate under Section 3.03 by reason of failure to give written notice of termination by June 1, 1987,

and Landlord agrees that Tenant may give a notice of termination at any time on or before August 1, 1987, with the same effect as if such notice of termination was given by June 1, 1987. This extension applies only to termination by reason of failure to satisfy the conditions set forth in clause (c) (insofar as its relates to ownership of the Associated Facilities) and clause (d) of Section 3.02.

2. Tenant acknowledges that upon closing of acquisition of fee title to the Site by the Port Authority of the City of St. Paul, Minnesota and upon closing by said Port Authority of sale of \$9,000,000.00 of bonds for application to the Building and Associated Facilities, Tenant shall be deemed to have waived the conditions set forth in clauses (a), (b), (c) (as to acquisition of the Site and Building) and (e) of Section 3.02.

3. Tenant hereby consents to transfer of the interest of Ameritas, Inc., in reliance upon Recital b. above, to Landlord, and to the Port Authority of the City of St. Paul, Minnesota, subject and subordinate in each case to the Lease.

4. Except as expressly set forth herein the Lease remains unmodified and in full force and effect. Without limita-

tion of the generality of the foregoing, Landlord disclaims any mistake or error in Sections 4.03, 4.04 or 4.05 of the Lease.

PARK CENTRE BUILDING
INVESTORS, LTD

By Ameritas, Inc.,
general partner

By *J. J. Hall*
its _____

And by *J. J. Hall*
John McDonald

REGIONAL TRANSIT BOARD

By _____
its _____

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: June 1, 1987
TO: Regional Transit Board
FROM: Elliott Perovich, Chairman
SUBJECT: New Schedule for Regional Transit Board and Committee Meetings

The new schedule for board and committee meetings will be as follows:

First Monday Meeting of the Board, followed by meeting of the Administration and Finance Committee

Second Monday Open

Third Monday Meeting of the Board, followed by meeting of the Policy Committee

Fourth Monday Open - Special Board meeting, or additional committee or Committee of the Whole meetings may be scheduled.

Committees will be comprised of the entire board and meetings will be chaired by the committee chairs.

This new schedule will go into effect with the first meeting in July.

EP/mff

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 22, 1987
TO: Regional Transit Board
FROM: Nominations Committee
SUBJECT: Appointment of Regional Transit Board Vice Chair

The Nominations Committee has conferred and approved the following nomination for appointment to the office of Vice Chair of the Board:

RECOMMENDATION

That the Regional Transit Board approve the appointment of Rochelle Graves to the office of Vice Chair of the board, effective immediately.

Paul Joyce
Chair

PJ/mf

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 21, 1987
TO: Regional Transit Board
FROM: Policy Committee
SUBJECT: Report from the Policy Committee

At its May 27, 1987, meeting, the Policy Committee will discuss and be requested to take action on the following agenda item:

- o Review of the Normandy Block Project Draft Environmental Impact Statement

A report and recommendation will be presented at the June 1, 1987, Board meeting.

Doris Caranicas
Chair

PC/BD/TX1

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: May 26, 1987
TO: Regional Transit Board
FROM: Administration and Finance Committee
SUBJECT: Report of the A&F Committee

At the regular meeting held Thursday, May 21, 1987, the Administration and Finance Committee reviewed, discussed and took action on the following staff recommendations:

SUBJECT: REQUEST TO AMEND THE IMPLEMENTATION AND FINANCIAL PLAN
TO INCLUDE THE TWO CAPITAL BUDGET AMENDMENTS

Recommendation:

That the Regional Transit Board amend the Implementation and Financial Plan to include the projects included in the capital budget amendments approved by the Board on March 2, 1987 and May 18, 1987. Further, that the RTB transmit this action to the Metropolitan Council.

SUBJECT: AGREEMENT--UNIVERSITY OF MINNESOTA'S CENTER FOR TRANSPORTATION
STUDIES JOINT RESEARCH PROGRAM

Recommendation:

That the Regional Transit Board authorize the executive director to negotiate and enter into an agreement not to exceed \$315,000 with the University of Minnesota's Center for Transportation Studies for the purposes of conducting a Joint Research Program between the two organizations.

SUBJECT: FINANCIAL STATEMENTS - MARCH 1987

Recommendation:

That the Regional Transit Board receive the March 1987 financial statements and direct that they be placed on file.

Ruth Franklin
Chair

PC/BD
ch

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: June 1, 1987
TO: Regional Transit Board *KT*
FROM: Katherine Turnbull, Planning Manager
SUBJECT: Metropolitan Council Approval of the RTB's Revised
Implementation and Financial Plan and Capital Budget Amendment

On Thursday, May 28, 1987, the Metropolitan Council approved both the RTB's revised Implementation and Financial Plan and the capital budget amendment containing the Nicollet Garage and the Midday Bus Storage Facility. Council members complimented the RTB on the revised Implementation and Financial Plan, noting that they especially found the comparison of the Council and RTB goals and policies to be very helpful.

FARE POLICIES AND PROCEDURES
FOR THE
TWIN CITIES METROPOLITAN AREA

DRAFT FOR PUBLIC REVIEW

Regional Transit Board

April 9, 1987

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Executive Summary

This report contains the Regional Transit Board's (RTB's) Fare Policies and Procedures, which were developed in response to legislative requirements. Legislation contained in the 1984 RTB enabling act and subsequent changes in 1985 and 1986 provide the RTB with specific responsibilities relating to the development and implementation of metropolitan fare policies. In response to these requirements, the RTB has developed a set of metropolitan fare policies, procedures and a fare evaluation framework.

The development of the metropolitan fare policies was coordinated with the RTB's overall goals and policies, which are contained on the Implementation and Financial Plan. Key elements in the development of the fare policies included the following:

- o Review of federal and state requirements to establish the RTB's responsibility and scope of authority.
- o Review of existing fare goals and policies of the Legislature, Metropolitan Council, Metropolitan Transit Commission, RTB and other providers.
- o Review of the history of the fare structure and pricing levels in the metropolitan area.
- o Examination of the fare structure, pricing levels and policies of similar sized systems throughout the country.
- o Analysis of issues associated with fare structures and pricing levels.
- o Development of a fare evaluation framework, including goals, objectives, criteria and measures. This framework will be used to evaluate different fare alternatives and to resolve differences between conflicting goals.
- o Development of RTB fare policies based upon the fare evaluation framework.
- o Development of RTB procedures for monitoring, evaluating and changing the fare structure and pricing levels.
- o Identification of the next steps in the process to finalize the policies and procedures and initiate the first review of the fare structure and pricing levels.

The RTB's fare policies are as follows:

1. All regular route and general purpose paratransit services funded by the RTB will utilize a common unified fare structure with the same pricing levels and transfer system.
2. All Metro Mobility providers will utilize and enforce the same basic fare structure, while providing flexibility in pricing within RTB guidelines.
3. Fares for community and county paratransit programs partially funded by the RTB will be at the discretion of the local area so long as RTB guidelines for subsidy allocation are met.

4. Fares for overall regular route service will, at a minimum, generate revenues to meet the 35 percent farebox recovery ratio legislative requirement.
5. Fares for each fully RTB funded general purpose paratransit service will, at a minimum, generate revenues to provide a 20 percent farebox recovery ratio.
6. Fares for Metro Mobility will, at a minimum, generate revenues to provide an overall 10 percent farebox recovery ratio.
7. The fare structure and pricing levels will be designed to enhance revenue generation in excess of the minimum requirements, to take advantage of other revenue sources, and to provide for easily-implemented changes in response to changing revenue needs.
8. Within the constraints of the recovery ratio, the fare structure and pricing levels will encourage ridership, especially where capacity exists.
9. Fare equity will be maintained through use of distance based zone fares and pricing differentials for different types of services, including express and local, and peak and off-peak service.
10. The fare system will reflect societal policies of support for targeted socioeconomic groups, and not create undue economic hardship for transit dependent market groups.
11. Within the constraints of economic, equity and social considerations, the fare structure will be simple and easy to understand and administer.
12. The fare structure and pricing levels will be flexible to allow for promotional and experimental fares subject to RTB approval.
13. The fare structure and pricing levels will be monitored on an annual basis and fully evaluated biennially in conjunction with the biennial budget preparation, at which times fare changes will be examined.
14. Any changes in the fare structure or pricing levels will include a public participation process, including proper public notice and appropriate public hearing(s) on the proposed changes.

I. Introduction

The Regional Transit Board (RTB) was created by the Minnesota Legislature in 1984. The legislature, responding to the findings and recommendations of its Legislative Study Commission on Metropolitan Transit, established the RTB and charged it with the responsibility for short- to mid-range transit planning, transit policy making and transit administration in the seven-county Twin Cities Metropolitan Area.

Among its many responsibilities, the Legislature gave the RTB a number of specific charges in the development and implementation of fare policies for transit services in the metropolitan area. These requirements were contained in the 1984 enabling legislation and further refined in the 1985 and 1986 legislation. In response to these charges the RTB has developed a set of overall fare policies for all types of transit services in the seven-county metropolitan area.

The development of the RTB's fare policies was done in coordination with the RTB's overall goals and policies, which are contained in the Implementation and Financial Plan. The overall goals and policies establish the direction for transit in the metropolitan area. The development of the fare policies represent a cascading of goals and policies from general systemwide to specific applications. The fare policies and procedures should be viewed within the overall system and are consistent with overall RTB policies and procedures.

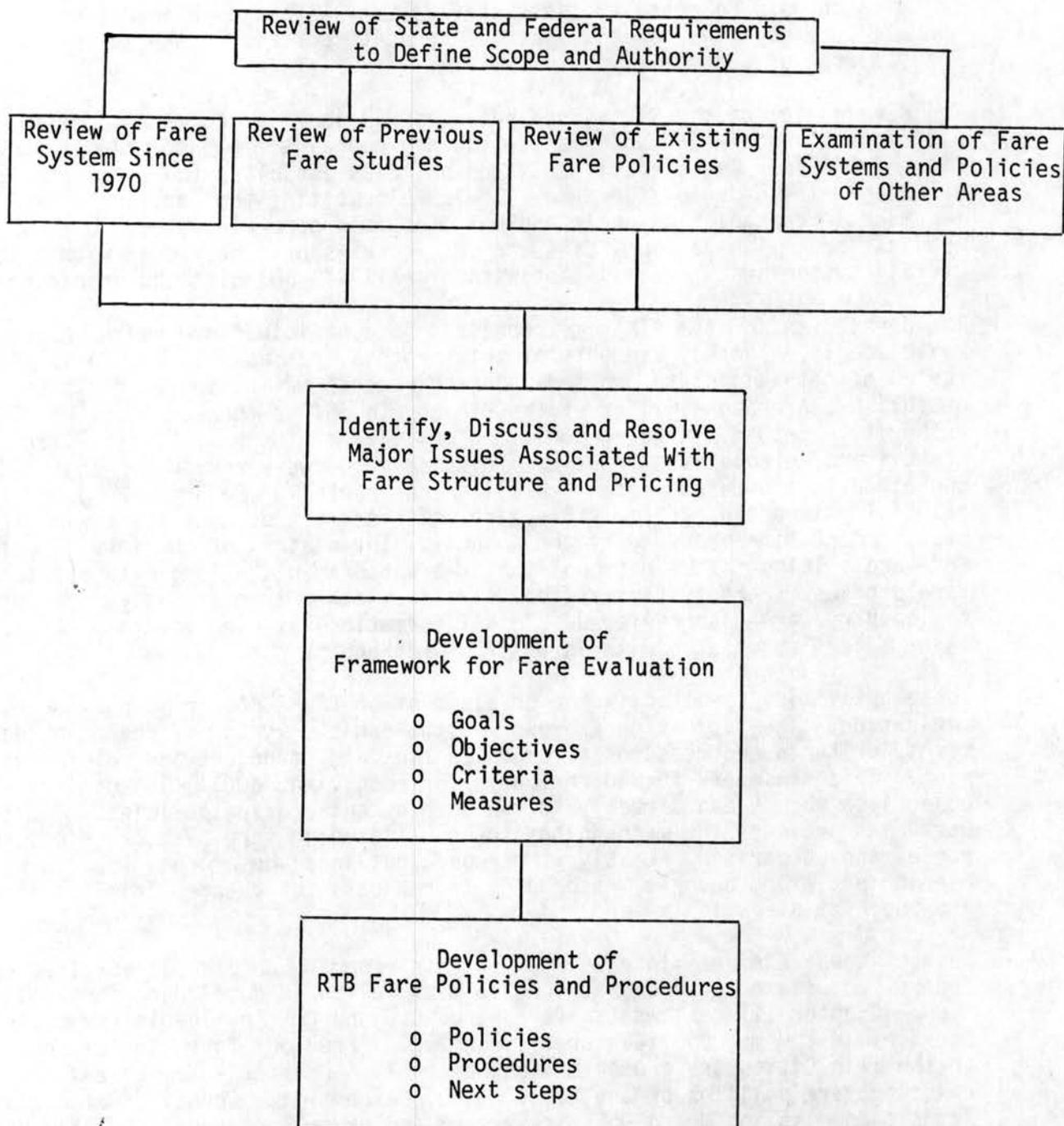
The development of the RTB's metropolitan fare policies involved a number of key elements. The key elements of this process are shown in Figure 1. A review of both the state and federal requirements was conducted first to establish the responsibility of the RTB and to define the scope of the RTB's authority. Second, existing goals and policies of the RTB, Metropolitan Council and Metropolitan Transit Commission (MTC) were reviewed. The policies contained in the Metropolitan Council's Transportation Policy Plan are especially important as the RTB's fare policies must be consistent with the overall direction provided by the Council. The history of the fare structure and fare pricing in the metropolitan area was examined, along with previous fare studies. Fare systems and policies from other transit systems throughout the country were also reviewed. This information was used to analyze the major issues associated with fare structures and pricing levels.

These activities resulted in the development of the RTB's framework for fare evaluation. The evaluation framework establishes a system of goals, objectives, criteria and measures to organize the fare structure and pricing assessment. This framework formed the basis for resolving conflicting goals and objectives which lead directly to the development of fare policies. The framework also provides the methodology to be utilized in fare system and pricing review and comparison. Lastly, the report outlines the process the RTB will use in initiating changes, responding to requests for changes from operators and the next steps in the process.

Each of these elements is presented in this report. Chapter II outlines the federal and state requirements the RTB must follow in developing fare policies. Chapter III reviews the fare structure and pricing levels for transit services in the metropolitan area since 1970. Previous fare studies conducted in the Twin Cities are presented in Chapter IV. Chapter V summarizes the existing fare policies of the Legislature, Metropolitan Council, Metropolitan Transit Commission, Metro Mobility system and other operators. Chapter VI

provides a comparison of other systems throughout the country. Chapter VII presents an overview of the major issues associated with fares and how they should be addressed in this area. Chapter VIII presents the RTB's framework for fare evaluation. Chapter IX contains the RTB's metropolitan fare policies and procedures the RTB will use to monitor, evaluate and change the fare structure and pricing levels.

Figure 1
Process for Development of RTB Fare Policies and Procedures



II. Legislative Requirements

The RTB's responsibility and authority for fare policy development and implementation result primarily from state legislation. In addition, federal guidelines promulgated through the Urban Mass Transportation Administration (UMTA), must also be followed. The specific requirements of both the state legislation and the federal government are reviewed in this section. These requirements form the basis for the development of the RTB's fare policies.

A. State Requirements

The following legislation outlines the RTB's responsibilities and authority in fare policy development and implementation:

- o Section 30 (FARES; PLANS; REPORT) The Regional Transit Board shall prepare, as part of the implementation plan required by section 473.377, a statement of the policies that will govern the imposition of user charges for various types of transit service and the policies that will govern decisions by the board to increase or change fares. Following review by the council under section 473.377, the board shall submit the plan to the 1987 session of the legislature, along with its three-year financial plan. The three-year financial plan must contain schedules of user charges and changes in user charges required to implement the plan. During the period beginning January 1, 1985, and ending January 1, 1988, total revenue from fares for all regular route service must produce annually not less than 35 percent of total operating costs for that service. During this period, whenever the board's current financial plan shows, for any calendar year, that total revenue from fares for all regular route service is expected to be not less than 35 percent of total operating cost for that service, the board shall amend its fare policies to require a change in fares that will bring fare revenue for that year into conformance with this section.
- o Subdivision 2a (REGULAR ROUTE FARES) The board shall establish and enforce uniform fare policies for regular route transit in the metropolitan area. The policies must be stated in the board's three-year transit service implementation and financing plan. The policies must be consistent with the requirements of this section and the council's transportation policy plan. The commission and other operators shall charge a base fare and any surcharges for peak hours and distance of service in accordance with the policies prescribed in the approved implementation plan of the transit board. The commission and other operators shall submit their fare schedules to the board for approval.
- o Section 109. Minnesota Statutes 1984, section 473.408, subdivision 4, is amended to read: Subdivision 4 (CIRCULATION FARES) The commission and other operators may charge a reduced fare for service on any route providing circulation service in a downtown area or community activity center. The commission and other operators shall not contribute more than 50 percent of the operating deficit of any such route that is confined to a downtown area or community activity center. The boundaries of service districts eligible for reduced fares under this subdivision must be approved by the board.

o Section 22 (FARE RESTRICTIONS SUSPENDED) The provisions respecting fares of the metropolitan transit commission in Laws 1981, chapter 363, section 55, subdivision 1; Laws 1981, third special session, chapter 2, article 1, section 2, subdivision 2; and Laws 1983, chapter 293, section 2, subdivision 5, are suspended until July 1, 1987. The laws referred to here as being suspended until July 1, 1987 are as follows:

- Laws 1981, Chapter 363, section 55, subdivision 1

"The Metropolitan Transit Commission shall not raise its base fare more than ten cents over the level existing on January 1, 1981"

- Laws 1981, third special session, chapter 2, article 1, section 2, subdivision 2

"Notwithstanding Laws 1981, Chapter 363, section 55, subdivision 1, the Metropolitan Transit Commission (MTC) may add up to a \$.15 surcharge on fares during the peak hours. The surcharge shall expire on June 30, 1983."

- Laws 1983, chapter 293, section 2, subdivision 5

"For the fiscal biennium ending June 30, 1985, the Metropolitan Transit Commission may continue the existing \$.15 surcharge on fares during the peak hours. The Metropolitan Transit Commission (MTC) shall not increase its base fare beyond the level existing on June 30, 1983."

The key legislative requirements relating to the RTB contained in the above statutes are:

- o The RTB shall prepare a statement of policies to govern the fares charged for various types of transit services and the policies that will govern the board's decisions to increase or change fares. These are to be incorporated into the Implementation Plan and the three-year Financial Plan, which must be reviewed by the Metropolitan Council and submitted to the 1987 legislature.
- o The financial plan must contain a schedule of user charges and changes in user charges required to implement the plan.
- o From January 1, 1985, to January 1, 1988, the total revenue from fares for all regular route service must produce annually not less than 35 percent of the total annual operating cost. If the revenue from fares is expected to drop below 35 percent of the total operating cost the RTB shall amend its fare policies to require a change in fares to bring fare revenues to the 35 percent level.
- o The RTB shall establish and enforce uniform fare policies for regular routes services in the metro area. These must be consistent with the Metropolitan Council Transportation Policy Plan and must be included in the Implementation and Financial Plan.
- o Regular route operations shall charge a base fare and any peak hour or distance surcharges in accordance with the RTB's policies.

- o The MTC and other operators may charge reduced fares for service on routes providing circulation service in downtown areas or other community activity center. Operators shall not contribute more than 50 percent of the operating deficit for these services and the boundaries for these services must be approved by the RTB.

B. Federal Requirements

The federal requirements covering fares deal primarily with the areas of fares for specialized transportation and off-peak elderly and handicapped fares. The four major federal requirements concerning these areas are:

- o Urban Mass Transportation Act of 1963, as amended, Section 5(m):

"The secretary shall not approve any project under this section unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the secretary and in accordance with such terms and conditions as the secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment of the project financed with assistance under this section will not exceed one-half of the rates generally applicable to other persons at peak hours, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise."

- 49CFR, Section 27.77, Appendix A--Advisory Information on Programming for Handicapped Persons

"Projects funded by UMTA under Section 16(b)(2) of the Urban Mass Transportation Act of 1964, as amended may be identified as deriving from local special efforts to meet the needs of wheelchair users and semiambulatory persons only to the extent that the following four conditions are met: (1) the service and vehicles serve wheelchair users and semiambulatory persons; (2) the service meets a priority need identified in this planning process; (3) the service is not restricted to a particularized organizational or institutional clientele; and (4) any fares charged are comparable to those which are charged on standard transit buses for trips of similar length."

- 49CFR, Subpart E, Section 27.95 (b)(4), Criteria for special service

The fare for a trip charged to a user of the special service system shall be comparable to the fare for a trip of similar length, at a similar time of day, charged to a user of the recipient's bus service for the general public.

- 49CFR, Subpart E, Section 27.95 (c)(iii), Criteria for Scheduled Accessible Bus Systems

The fare for a trip charged a handicapped person using an accessible bus shall be no higher than the fare charged other users of the recipient's bus service for the same trip. Reduced, off-peak fares for elderly and handicapped persons shall be in effect on accessible buses.

The critical elements of these requirements which relate to the RTB fare policy development and the user charges which may be imposed by regular route operators are:

- o Off-peak fares for elderly and handicapped persons cannot exceed one-half the fares charged to other persons during the peak period.
- o Fares for special services for handicapped persons must be comparable to those charged for comparable trips on regular route service.
- o Fares charged to handicapped persons using accessible regular route service must be no higher than fares charged to other users.

III. Fare Structure and Pricing Since 1970

An important step in the development of metropolitan fare policies is the examination of the background of the fare structures and pricing levels since 1970. The metropolitan transit system has experienced many changes over the past two decades. These changes have effected both regular route services and the numerous paratransit services. The fare structures and pricing levels used by these different services have been one area of change. The historical fare trends since 1970 are reviewed in this section for the different services. Much of the information on regular route fares in this chapter is taken from the recently completed MTC Transit Pricing Study. This study is discussed in more detail in the next chapter. The MTC's study provides a wealth of information on the evolution of the existing fare structure, current ridership by fare groups, and analysis of different fare scenarios. Additional information is also provided on Metro Mobility fares levels and those of other paratransit services.

The development of the RTB's fare policies has relied on the background information and analysis conducted by the MTC in the Transit Pricing Study and previous work by the Metropolitan Council. It is not the intent of the RTB to duplicate work which has been done, but rather to build and expand on the technical analysis conducted to date.

A. Regular Route Transit

In July 1986, the Metropolitan Transit Commission (MTC) declared its intent to purchase Twin City Lines, Inc., the private bus company that carried about 95% of all transit riders in the area. On September 18, 1970, the MTC began providing service. From 1970 to 1976, the MTC also acquired the operating rights of North Hennepin Transit Company, Dickenson Lines, Bloomington Bus Co. and South and West St. Paul Transit Co.

By 1976, transit service was available to nearly every part of the urbanized area. Three private operators were still part of the system: Medicine Lake Lines, North Suburban Lines and Richfield Bus Co. In 1979, the MTC began operating service previously provided by the Richfield Bus Co.

As of March 1, 1987, six operators provide regular route transit services in the metropolitan area. These include the MTC and five private operators, Medicine Lake Lines (MLL), North Suburban Lines (NSL), Valley Transit, Airport Limousine Service and St. Paul and Suburban Bus Company. MLL and NSL have provided service since before the creation of the MTC. Valley Transit provides service in the Stillwater area. The last two operators, Airport Limousine Service and St. Paul and Suburban Bus Company started operating regular route service in February, 1987. These two operate routes, Minneapolis 39 and Minneapolis 25--Saturday, which were previously operated by the MTC but were high subsidy routes over the performance standards and were thus competitively bid.

The current regular route fare structure has a number of different components. The fare structure is based on a four zone system, with fares increasing by each zone, a base fare, a peak-period surcharge, an express service surcharge and special fares for targeted social groups such as the elderly, youth and limited mobility.

The fare system is based on a four zone "concentric circle" plan, as shown in Figure 2. Zone 1 comprises the two central cities of Minneapolis and St. Paul and a portion of many first ring suburban communities. Zone 2 encompasses a two mile ring surrounding zone 1. Zone 3 includes a two mile ring around zone 2 and zone 4 encompasses the remainder of the transit service area.

The current fare structure by zone is shown in Table 1. Zone fares are applied to radial trips into Minneapolis and St. Paul. Trips made completely within zones 2, 3 and 4 do not pay the zone charges, but are based on the appropriate base fare.

The base adult fare is currently \$.60. An additional \$.15 charge is added to fares in the peak periods, which are defined by legislation as between 6:00 a.m. - 9:00 a.m. and 3:30 p.m. and 6:30 p.m. as defined by legislation. An additional \$.10 fare is also charged for freeway express services. Special off-peak fares are provided for the elderly, over age 65, \$.10, youth under age 18, \$.20, and individuals with limited mobility, \$.30. Valid eligibility cards must be shown to make use of these special fares. Children under six ride free when accompanied by a person paying an adult fare. Free fares are provided for uniformed police officers, sheriff's deputies, fire fighters, Minneapolis and St. Paul meter monitors and MTC employees, commissioners and members of MTC's advisory committees.

The existing fare levels have evolved over time. The history of the regular route adult fare structure is summarized in Figure 3 and Table 2. A more detailed description is provided in Appendix A. As this information indicates, regular route fares have gone through long periods of no change, followed by increases over a short period of time, followed by another long period of no change. For a nine-year period from 1970 to 1979 the base fare remained at the same \$0.30 level. Over the course of the next three years, from 1979 to 1981, fare levels were raised three times in \$.10 increments. This resulted in the base fare raising from \$0.30 in 1978 to \$0.60 in 1981. Since 1981 the base fare has remained at the \$0.60 level.

From 1970 to 1976, an extra \$0.05 fare was applied to freeway express service. In 1976, this surcharge was raised to \$0.10. It has remained at this level since that time. In 1982, an additional peak hour surcharge of \$0.15 was implemented. This surcharge has remained in effect since that time.

Changes have also occurred in the fares charged to special social groups. Prior to the formation of the MTC, senior citizens paid the regular adult fare. In 1971, a trial \$.10 reduction was instituted during the off-peak on Thursdays. In 1972, the legislature instituted free off-peak fares. In 1979 this was changed to a \$.10 off-peak fare. A trial free fare for low income senior citizens was in effect from 1980 to 1982. Since 1982 the fare has been \$.10. The historical changes in youth and limited mobility fares are provided in Appendix A.

Free transfers are provided to passengers who need to continue their trip on a different route at no charge. Transfers are accepted between all regular route providers.

There are two special fare zones in downtown Minneapolis and downtown St. Paul. Riders may use regular transit services within these zones for a \$.10 fare.

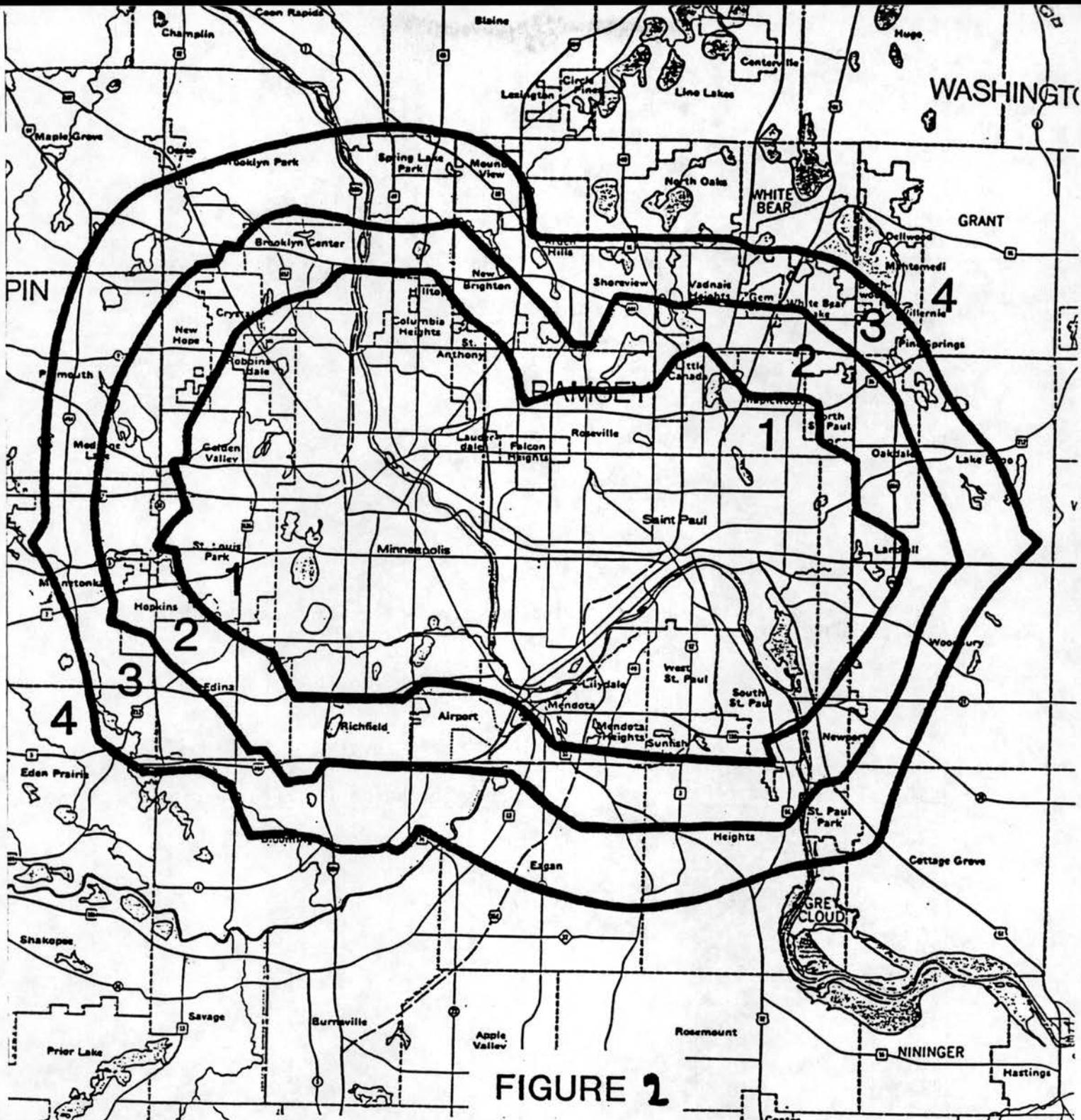


FIGURE 2
TRANSIT FARE ZONES

SOURCE: METROPOLITAN TRANSIT COMMISSION

Table 1
Existing Regular Route
Zone Fare Structure and Pricing

	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Off-Peak				
Local	.60	.75	.90	\$1.00
Express	.70	.85	1.00	1.10
Peak				
Local	.75	.90	1.05	1.15
Express	.85	1.00	1.15	1.25

Source: Metropolitan Transit Commission, "Transit Pricing Study - Phase I," April, 1985.

Table 2
Regular Route Adult Fare Levels

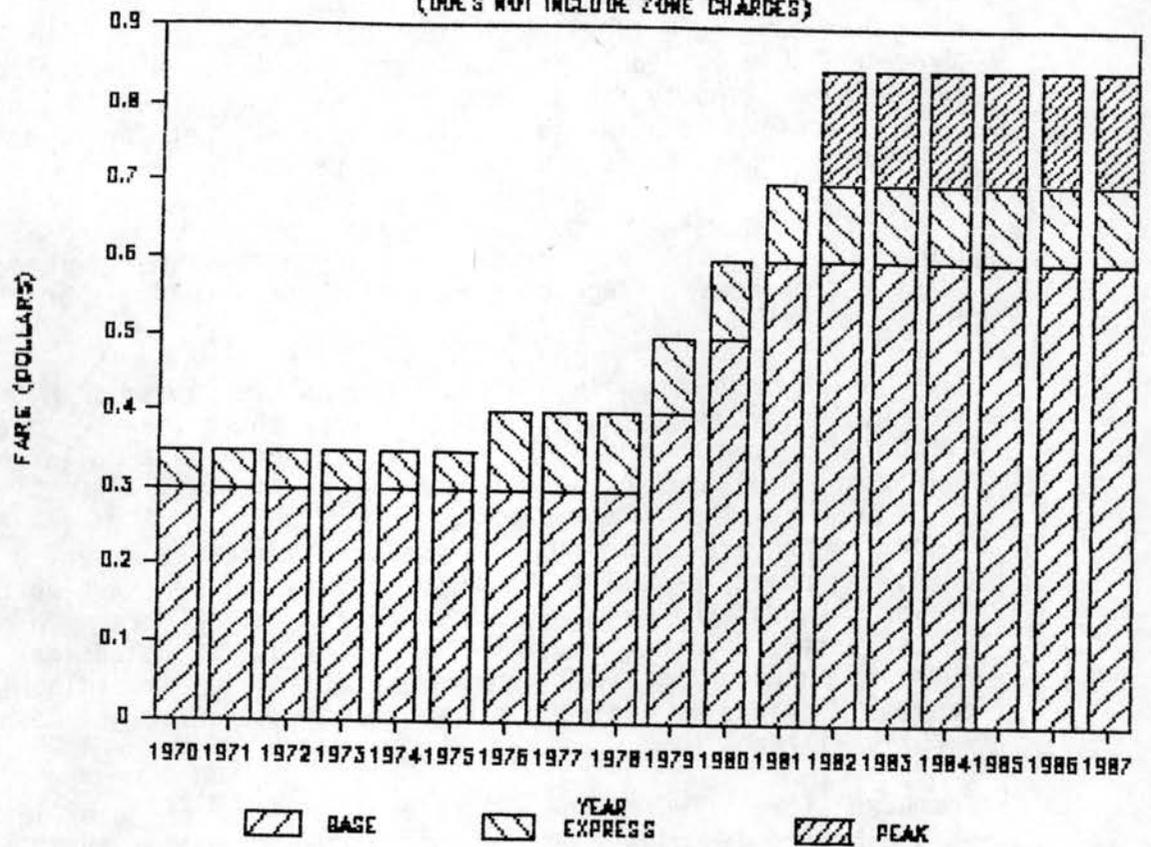
<u>Year</u>	<u>Base Fare</u>	<u>Express Surcharge</u>	<u>Peak Period Surcharge</u>
1970	\$0.30	\$0.05	
1971	\$0.30	\$0.05	
1972	\$0.30	\$0.05	
1973	\$0.30	\$0.05	
1974	\$0.30	\$0.05	
1975	\$0.30	\$0.05	
1976	\$0.30	\$0.10	
1977	\$0.30	\$0.10	
1978	\$0.30	\$0.10	
1979	\$0.40	\$0.10	
1980	\$0.50	\$0.10	
1981	\$0.60	\$0.10	
1982	\$0.60	\$0.10	\$0.15
1983	\$0.60	\$0.10	\$0.15
1984	\$0.60	\$0.10	\$0.15
1985	\$0.60	\$0.10	\$0.15
1986	\$0.60	\$0.10	\$0.15
1987	\$0.60	\$0.10	\$0.15

Source: Metropolitan Transit Commission

Figure 3

FARE STRUCTURE HISTORY 1970-1987

(DOES NOT INCLUDE ZONE CHARGES)



Source: Metropolitan Transit Commission

The MTC's Transit Pricing Study included an analysis of estimated ridership and revenue by fare types. The 1984 baseline statistics used in the study are shown in Table 3. Adult fares account for about 94 percent of overall MTC revenues received by fares. Social fares account for only 6 percent of the total. In terms of ridership, adult fares account for 72 percent of overall ridership, social fares account for 26 percent and special fares account for 2 percent.

There are currently four primary fare payment methods. These are cash, tokens, tickets or passes. The use of each of these methods is briefly described below and shown in Table 4.

Cash is the most commonly used fare payment mechanism on MTC service, accounting for approximately 59 percent of total fare revenues. The MTC fareboxes currently accept all cash donations except dollar bills and Susan B. Anthony half dollars.

Tokens, which are one method of fare prepayment, represent only a very small part, 1 percent, of the MTC's fare revenues. Tokens are currently sold in groups of 10 at the face value \$.60 fare. Tokens were much more heavily used in the past. One reason the MTC feels the use of tokens has declined is that they are based on the \$.60 base fare and individuals riding in the peak, using express services or riding outside zone 1 must still use cash to make up the additional fare.

Commuter tickets, which the MTC sells 10 ride punch cards in all adult peak and off-peak fare denominations, account for 9 percent of the MTC's overall fare revenues.

The last fare payment method is the All-You-Can-Ride monthly pass. These prepaid passes, which are available in ten different denominations depending on zone, express and peak fare charges, account for 31 percent of the MTC's overall fare revenue. The monthly passes are priced based on an average of 40 trips a month.

Table 3

1984 Baseline Ridership Statistics
(Cash, Token and Ticket)

<u>Category</u>		<u>Fare</u>	<u>Ridership (000)</u>	<u>Revenue (000)</u>
Adult - Local				
Peak	Zone 1	\$.75	8,644	\$ 6,483
	Zone 2	.90	2,248	2,023
	Zone 3	1.05	864	907
	Zone 4	1.15	1,210	1,392
			<u>12,966</u>	<u>\$10,805</u>
Off-Peak	Zone 1	.60	8,091	4,855
	Zone 2	.75	1,268	951
	Zone 3	.90	312	281
	Zone 4	1.00	393	392
			<u>10,064</u>	<u>\$6,479</u>
Adult - Express				
Peak	Zone 1	.85	2,593	\$2,204
	Zone 2	1.00	692	692
	Zone 3	1.15	346	398
	Zone 4	1.25	691	864
			<u>4,322</u>	<u>4,158</u>
Off-Peak	Zone 1	.70	719	504
	Zone 2	.85	77	65
	Zone 3	1.00	31	31
	Zone 4	1.10	48	53
			<u>875</u>	<u>653</u>
	Adult Subtotal		28,227	\$22,095
Social Fares				
Senior Citizens		.10	6,256	\$ 625
Limited Mobility		.30	173	52
Under 18	Zone 1	.20	3,554	711
	Zone 2	.35	162	57
	Zone 3	.50	15	7
	Zone 4	.60	30	18
			<u>3,761</u>	<u>793</u>
	Social Fares Subtotal		10,190	1,470
Other Fares	Dime Zone	.10	985	99
	Route 42	1.00	1	1
	Route 57	1.50	2	2
			<u>988</u>	<u>102</u>
	TOTAL		39,405	\$23,667

Source: Metropolitan Transit Commission, "Transit Pricing Study-Phase II,"
Mundle & Associates, Inc., June, 1986.

Table 4
1984 Passenger Revenue
(In Thousands)

<u>Category</u>	<u>Amount</u>	<u>Percent</u>
Cash	\$18,999	59%
Token	295	1
Ticket	2,813	9
Pass	<u>10,140</u>	<u>31</u>
Total	\$32,247	100%

Source: Metropolitan Transit Commission "Transit Pricing Study-Phase II," Mundle & Associates, Inc., June, 1986.

B. Paratransit Systems

1. Metro Mobility

In 1976 the MTC initiated Project Mobility which provided door-to-door accessible transportation to handicapped individuals within certain areas of Minneapolis. The initial demonstration, which was funded by Mn/DOT, was successful and led to further expansion of the system. In 1979, Metro Mobility was developed through the joint efforts of the MTC, Mn/DOT and the Metropolitan Council. This system was in operation until the fall of 1986 when Metro Mobility was restructured by the RTB to a modified "user-side" subsidy.

The fare structure for this specialized service was changed with each of these service modifications. A \$0.35 fare was charged for the initial Project Mobility service. When this system was expanded into Metro Mobility in 1979 the fare was increased to \$0.60 during the off-peak and \$0.75 during the peak. An additional \$0.15 transfer fee was charged for transfers between different operators. With the restructuring of Metro Mobility in October 1986 the fares were raised to \$1.00 for trips not exceeding 8 miles. For trips longer than 8 miles, individual operators are allowed to charge at their discretion, up to a total fare of \$3.75.

2. Community Programs

Six community-based paratransit programs operate in the metropolitan area with funding from the RTB. These systems, which provide primarily local circulation, are operated in Columbia Heights, Hastings, Hopkins, St. Louis Park, Shakopee and White Bear Lake. These programs were formed under different

circumstances and provide different types of paratransit services. The fares charged also vary widely, with some systems only requesting donations. The 1986 fare levels for each of these programs is outlined below.

- o City of Shakopee Dial-a-Ride Service
 - \$1.00 adults
 - \$0.75 students
 - \$0.50 seniors and children under 6
- o Vanpool Service
 - \$12.50 per week
 - \$2.00 per trip
- o Columbia Heights Shared Ride Paratransit System
 - \$.50 Elderly, Handicapped, Children
 - 1.00 All Others
 - \$10.00 for book of ten rides
 - \$5.00 for book of ten rides for seniors, children under 10 and handicapped
- o Hastings Transportation Around the City
 - \$1.25 for trips requested 24 hours in advance
 - \$1.50 for same day trip requests
 - \$1.20 for tokens
- o Hopkins Hop-a-Ride
 - \$0.90 base fare
 - \$0.35 for low income individuals
- o St. Louis Park Emergency Program (STEP)
 - Donation Basis, no suggested amount
- o White Bear Area Transit
 - \$1.00 base fare
 - \$0.75 for wheel chair accessible van service
- o Suburban Community Services - Delano
 - Suggested Donation:
 - \$.50 within service area
 - \$1.00 outside service area
 - Trips over 30 miles increased fare according to miles
- o Westonka Community Services
 - \$.50 round trip within 1 mile
 - \$1.00 round trip 1-3 miles
 - \$1.50 round trip over 3 miles
- o Hastings Commuter Express
 - \$1.75 base fare (peak hour only)

3. County Programs

Five county-based paratransit programs are currently operated in the metropolitan area. Anoka, Carver, Dakota, Scott and Washington counties operate some type of paratransit services, primarily oriented to the elderly and handicapped population. Like the community programs the fares charged by the county services vary widely. The 1986 fares or donations required by the different programs are outlined below.

- o Anoka County Community Health and Social Services
 - Suggested Donation: \$2.00 round trip within county
 - \$6.00 round trip outside county
- o Anoka County Coordinated Transportation Program
 - Suggested Donation: \$.75 per trip
- o Carver Area Rural Transportation (CART)
 - \$.50 round trip local
 - \$1.00 round trip within county
 - \$3.00 round trip to downtown Minneapolis
- o Dakota Area Referral and Transportation for Seniors Inc.
 - Suggested Donation: \$1.00 one way fare
- o Dakota County Human Services Planning
 - No fares
- o Scott County Transportation Program
 - \$.50 round trip local
 - \$1.00 round trip within county
 - \$3.50 round trip to metro area or over 30 miles
- o Human Services Inc. in Washington County
 - \$1.00 one way within county
 - \$1.50 one way outside county

IV. Previous Fare Studies

Fare structures, pricing levels and associated issues have been the focus of previous studies in the metropolitan area. Thus, the major issues concerning the development of a comprehensive set of metropolitan fare policies are not new. Rather they have been discussed and debated for many years by providers, the Metropolitan Council and the State Legislature. The analysis and findings of three recent studies were examined as part of the RTB fare policy development. The three studies are briefly summarized in this chapter and the major findings and recommendations are highlighted. The three studies are:

- o "Transit Fare Policy Alternatives for the Twin Cities Metropolitan Area," prepared by the Metropolitan Council, August 1980.
- o "Regional Service and Finance Study," prepared by the Metropolitan Council, January 1984.
- o "Fare Pricing Study," prepared by the Metropolitan Transit Commission, June 1986.

A. Transit Fare Policy Alternatives for the Twin Cities Metropolitan Area

This report was prepared by the Metropolitan Council in 1980. The purpose of the report was to review the two major transit financing issues of equity and subsidy, discuss the present status of transit fare policy formulation, identify alternative transit fare policies, identify related transit financing sources and techniques and potential.

The report suggests fourteen alternative fare policies that respond to the needs of transit users, the service to be provided, and the role of transit in the total metropolitan transportation system. Additional funding sources and related alternative funding techniques were identified. No specific recommendations were formulated.

The following twelve issues were discussed in relation to their impact on fare policies.

- o "Across-the-Board" fare increases.
- o Preferential fare users.
- o High fare subsidy requirements of service expansion in third-tier suburbs and to free-standing centers.
- o Orientation of transit routes.
- o Establishment of fare zones.
- o Establishment of "special" fare zones and routes.
- o Significantly inefficient use of transit system during certain times of day.
- o "Special" trips needs.

- o Highly differential fare subsidies among existing transit routes.
- o Accountability for subsidy requirements of fare policy promulgation.
- o Appropriate sources of fare subsidy.
- o Equitable responsibility among sources of fare subsidy.

B. Metropolitan Council Regional Service and Finance Study on Transit

This report, completed by the Metropolitan Council in 1984, contains a more detailed analysis on regional transit funding requirements. The report identified the following three major aspects to be considered in the analysis of transit pricing and fare structures:

- o The relationship between the price of transit and ridership.
- o The relationship between fare structure, user equity and service efficiency.
- o The basis upon which future fare levels are established.

Based on the analysis conducted in the study the following findings were made relating to fares:

- o The ability of fare revenues to support the transit system is limited by the sensitivity of the riders to increases and the risk of significant ridership losses.
- o A distance-based fare structure is more equitable than a flat-fare scheme.
- o A premium fare for express service is justified not only on the basis of a high level of service (i.e., high speed), but also on the basis of the cost differential of the service.
- o A fare differential between peak and off-peak periods is justified on the basis of the difference in costs.
- o Too frequent fare increases or fare increases that do not keep in line with overall inflation rates and the cost of competing transportation modes negatively impact ridership levels.

The report contained four recommendations relating to fares. These were:

- o That fare revenues should account, at least, for 35-40 percent of the MTC total operating cost.
- o That future fare increases be considered every two years as part of the preparation of the TDP and, if needed, be included in the budget for the following biennium.

- o That future fare increases be related to inflation, the cost of providing the service, and the cost of competitive modes of transportation.
- o That a distance-based fare structure, including express service and peak-hour surcharges, be maintained.

C. MTC Transit Pricing Study

In 1984 the Metropolitan Transit Commission (MTC) began a review of its fare policies leading to the initiation of a fare pricing study in the spring of 1985. The study was undertaken in response to the complicated nature of the existing fare structure and the timing of fare increases which occurred in the recent past. Thus, the main purpose of the study was to look at the potential for a simplified fare structure and to analyze the impact that changes in fare levels would have on total revenues.

The study was conducted in two parts which are documented in two reports, "Transit Pricing Study - Phase I," Metropolitan Transit Commission (MTC), April 1985, and "Transit Pricing Study - Phase II," prepared for the Metropolitan Transit Commission (MTC) by Mundle & Associates, Inc., June, 1986. The first report reviews the history of the fare structure and pricing levels, the existing situation, a discussion of issues, the development of goals for a revised fare structure and the initial identification of alternative fare scenarios.

The second report provided a detailed analysis of eight fare alternatives. Actual fare levels were applied to each of these alternatives and the ridership and revenue impacts of each were evaluated through the use of an arc elasticity model. Three of the eight alternatives were selected for additional analysis, which resulted in a recommended alternative. The eight goals used to guide the study are outlined below. These goals were approved by the Commission in October, 1984.

- o Simplify the fare structure.
- o Preserve the financial integrity of the MTC by avoiding fare revisions that will result in decreased farebox revenue at a time when there are uncertainties about the future of state and federal operating assistance.
- o Recognize the role of transit pricing in marketing, with the objective of promoting system-wide ridership growth, and not viewing it simply as a source of revenue.
- o Develop a fare structure that can be easily understood by riders.
- o Reduce the number of commuter ticket and monthly pass denominations, decreasing production costs and accounting work, and making more businesses willing to become pass outlets.
- o Modify the use and design of transfers to reduce problems associated with misuse and complexity of the system.
- o Develop a fare payment system to accelerate boarding of buses.

- o Balance equity, in terms of the relationship between fares and length or quality of trip, against the need for an easily understood and administered fare structure.

In addition to these goals, an important element common to all the alternatives examined was the concept of a uniform base fare and the use of common increments. This means that the increment charged for all types of additional services, such as zones, peak hour and express service, would be the same. The fares for individuals over 65, under 18 and those with limited handicaps would also be the same.

The study concluded with the selection of a preferred alternative. This alternative would provide for a fare structure based on two zones, with a peak period surcharge, an express service surcharge, and similar fare levels for the elderly, youth and limited handicapped groups. Zones 1 and 2 and 3 and 4 would be combined to form the two new zones. The peak, express and zone charges would have a common value not to exceed 50 percent of the base fare and the social fares would be similar and equal to the downtown fare. The selected fare pricing level was "revenue neutral," but other fare levels could be used with the simplified structure. The recommended alternative would reduce the number of fare categories from 27 to 12, and the number of fare denominations from 16 to 5. As a result, the number of ticket and pass denominations would decrease from 10 to 5.

The analysis included a detailed examination of the impact that all alternatives, including the selected option, would have on the different fare user categories. The major impacts depend on the pricing levels. However, the fare structure simplification would provide a system that is easier to understand for users, drivers and administration.

The Metropolitan Transit Commission (MTC) approved adoption of the report in August, 1986, including the recommended alternative. No action has been taken by the MTC on the specific recommendation to be implemented, fare levels or timeline for making any changes.

V. Existing Fare Policies

Currently, the Minnesota Legislature, the Metropolitan Council and the Metropolitan Transit Commission (MTC) have policies relating to fares. A review of these existing policies is of help in developing the RTB's fare policies. The Metropolitan Council's policies are especially important, as the RTB's policies must be in conformance with the Council's Transportation Policy Plan.

A. Minnesota Legislature

The Minnesota Legislature has provided overall guidance for the metropolitan fare structure. Section 473.408, Subdivision 2 states:

Fare policy. Fares and fare collection systems shall be established and administered to accomplish the following purposes:

- o To encourage and increase transit and paratransit ridership with an emphasis on regular ridership;
- o To restrain increases in the average operating subsidy per passenger.
- o To ensure that no riders on any route pay more in fares than the average cost of providing the service on that route;
- o To ensure that operating revenues are proportioned to the cost of providing the service so as to reduce any disparity in the subsidy per passenger on routes in the transit system; and
- o To implement the social fares as set forth in subdivision 3. (Subdivision 3 has been repealed.)

B. Metropolitan Council

The Metropolitan Council Transportation Policy Plan, which was adopted in 1983 and amended in 1984, provides the overall guide for metropolitan transportation investments through the Year 2000. The Metropolitan Council is required by legislation to prepare and adopt a comprehensive development guide for the metropolitan area. The current Transportation Policy Plan was based on the Council's Metropolitan Development Framework for the Metropolitan Area, which was adopted in 1975. The Council has since updated the Development Framework with the new Metropolitan Development and Investment Framework approved in 1986. The Council is presently in the process of updating the Transportation Policy Plan. This update is projected to be completed by the end of 1987.

As noted previously, the legislation directs that the Regional Transit Board's fare policies be in conformance with the Metropolitan Council's Transportation Policy Plan. Policy 23 of the Transportation Policy Plan addresses fares. The policy and background discussion is as follows:

23. The transit fare structure should reflect a balance between the actual operating cost of the service to be provided and the public purpose or need for the service.

Discussion: Policy 23 encourages recovery of transit costs through fares. An equitable transit fare structure also identifies and weighs the various public purposes and/or needs for transit services (in regard to both the types and locations of services to be provided) against the actual cost of providing those services. Who should bear the cost is also a policy consideration. This policy requires transit operators to evaluate fare and operating-cost disparities between population segments as they relate to the various sources of operating funds.

While this is the only policy in the current Transportation Policy Plan dealing with fares, further guidance from the Metropolitan Council is provided in the 1983 "Regional Service and Finance Study on Transit." The major findings and recommendations were noted in the chapter on previous studies. Given the importance these findings provide in overall direction from the Council the highlights are summarized again in this section.

The major findings from the study were:

- o The ability of fare revenues to support the transit system is limited by the sensitivity of the riders to increases and the risk of significant ridership losses.
- o A distance-based fare structure is more equitable than a flat-fare scheme.
- o A premium fare for express service is justified not only on the basis of a high level of service (i.e., high speed), but also on the basis of the cost differential of the service.
- o A fare differential between peak and off-peak periods is justified on the basis of the difference in costs.
- o Too frequent fare increases or fare increases that do not keep in line with overall inflation rates and the cost of competing transportation modes negatively impact ridership levels.

The major fare recommendations were:

- o That fare revenues should account, at least, for 35-40 percent of the MTC total operating cost.
- o That future fare increases be considered every two years as part of the preparation of the TDP and, if needed, be included in the budget for the following biennium.
- o That future fare increases be related to inflation, the cost of providing the service, and the cost of competitive modes of transportation.
- o That a distance-based fare structure, including express service and peak-hour surcharges, be maintained.

C. Metropolitan Transit Commission

Goal 8 of the MTC's 1984 Transit Development Program (TDP) addresses fares. The goal and related policy state:

Goal 8: A reasonable balance between public subsidy and level of service, with operating revenues proportioned to the cost of providing the service; the fare structure established to be affordable by the users and easily administered and understood; and to minimize any disparities in the subsidy per passenger.

Policy 1. Fare Recovery: Bus revenues for regular transit service shall represent 40 to 45 percent of the expenses for providing such service. Under this policy, bus revenues and local financial support as represented by the property tax should provide 70 to 75 percent of the cost of providing regular transit services. (Resolution No. 81-27, adopted May 6, 1981)

Also as noted in the previous chapter, the MTC's Transit Pricing Study included a set of eight goals relating to fare simplification. These are as follows:

- o Simplify the fare structure.
- o Preserve the financial integrity of the MTC by avoiding fare revisions that will result in decreased farebox revenue at a time when there are uncertainties about the future of state and federal operating assistance.
- o Recognize the role of transit pricing in marketing, with the objective of promoting system-wide ridership growth, and not viewing it simply as a source of revenue.
- o Develop a fare structure that can be easily understood by riders.
- o Reduce the number of commuter ticket and monthly pass denominations, decreasing production costs and accounting work, and making more businesses willing to become pass outlets.
- o Modify the use and design of transfers to reduce problems associated with misuse and complexity of the system.
- o Develop a fare payment system to accelerate boarding of buses.

VI. Examination of Other Systems

An examination of the fare structure, fare pricing levels and fare policies from transit systems in other metropolitan areas was conducted to assist with this study. Tables 5 and 6 provide a summary of the fare structure and levels of different systems in the United States and Canada. The information is from a survey of systems conducted by the American Public Transit Association (APTA) in 1986. The survey covered a total of 286 systems which are members of APTA, representing a wide variety of sizes and cover large, medium and small metropolitan areas and rural systems. The results should be viewed in light of the fact that the sample reflects more small- to medium-sized systems than those the size of the Twin Cities or larger.

Overall more systems reported using flat fares than zone based fares. Approximately 50 percent do not charge for transfers. Most systems utilize some form of pre-payment device, with monthly passes the most commonly used. A wide variety of fare levels are charged by the different systems. The most common base fare levels are \$0.50, \$0.60 and \$.75.

A more detailed examination of the fare structure, pricing levels and policies was conducted of six metropolitan areas similar to the Twin Cities. The results of this analysis are summarized below.

Table 5

Fare Structures Reported in APTA Survey

<u>Fare Structure Characteristic:</u>	<u>Number of Systems</u>
Transfer Charges	
Free	168
Charge	99
Flat or Zone Charges	
Flat	188
Zones	96
Passes	
Daily	15
Weekly	24
Monthly	167
Annual	10
Punch card in lieu of pass	26

Source: American Public Transit Association Survey, 1986.

Table 6

Fare Levels Reported in APTA Survey

<u>Fare Levels</u>	<u>Number of Systems</u>
.10	1
.25	12
.30	1
.35	9
.40	10
.45	1
.50	72
.55	7
.60	60
.65	9
.70	9
.75	50
.80	7
.85	9
.90	3
.95	2
1.00	18
1.10	1
1.15	1
1.25	1
1.50	1

Source: American Public Transit Association Survey, 1986.

A. METRO, Seattle, Washington

The Municipality of Metropolitan Seattle (METRO) uses a two zone system as the basis for its fare structure. Zone 1 comprises the City of Seattle and zone 2 encompasses the remainder of King County. Peak fares for zone 1 are \$.60 and off-peak fares are \$.50. The zone charges are \$.90 in the peak and \$.75 in the off-peak. Transfers are free. Special \$.15 fares are provided for the elderly and the handicapped. A free ride zone is provided in the Seattle Central Business District (CBD).

The Seattle area has a number of overall fare policies. Specific policies relate to providing special fares to the elderly and handicapped, maintaining a system-wide 30% farebox recovery rate and tying fare increases to the rate of inflation or to achieve the 30% recovery rate.

B. METRO, Houston, Texas

The METRO fare system is based on a flat fare with a premium charge of 1.5 times the base fare for local express service. Five concentric park-and-ride zones, each approximately 5 miles, have been established outside the 10 mile base fare zone. The fare for the first zone is twice that of the central zone, and the succeeding rings are 33% higher. Special off-peak fares are provided for students, senior citizens and handicapped riders. Transfers are provided free.

METRO fare policies are designed to meet the following four basic objectives:

- o maintain revenues by improving fare recovery ratio from 28% to 40% by 1990.
- o preserve both service and social equity
- o encourage ridership in all fare categories
- o simplify the fare collection process for both riders and drivers

C. Vancouver, British Columbia

Currently Vancouver uses a peak period three-zone fare structure with a flat fare off-peak. Reduced fares are provided for the elderly, handicapped and students during the off-peak periods.

Vancouver has two sets of fare policies--a policy for reduced-fares for special groups, and a policy for conventional transit. The policies are designed to achieve the following objectives:

- o increasing revenue and cost-recovery;
- o minimizing negative impacts on ridership;
- o increasing the equity of the fare structure;
- o reducing the imbalance between peak and off-peak demand; and
- o increasing the efficiency of the utilization of both fleet and labor.

D. Metropolitan Transit Development Board, San Diego, California

In July, 1981, a Uniform Fare Structure was adopted by operators in the Metropolitan Transit Development Board (MTDB) area. Under the Uniform Fare Structure:

- o Three fare levels were established based on individual route characteristics and distance rather than operator.
- o Cash revenues (full and transfer upgrade fares) collected by each operator remain with that operator.
- o Revenue received from the sale of monthly passes is allocated to the operators based on a ridership formula.
- o Transfer fares are established through the Master Transfer Agreement.
- o MTDB assumes all planning and coordinating responsibilities in regard to the Uniform Fare Structure.

Since 1981, annual updates have been made to the fare levels. Considerable coordination and cooperation of MTDB area operators have ensured that the zone fare system fits well into the overall regional fare structure.

The Uniform Fare Structure was adopted to:

- o Contribute to the creation of a regional rather than fragmented public transit system.
- o Encourage regional ridership by providing a convenient, consistent and rational fare payment method.
- o Improve fare equity by coordinating fares with type and distance of service.

Under adopted MTDB policies, area operators receiving state subsidies, which are allocated by MTDB, must participate in the Uniform Fare Structure. To implement the fare structure a Master Transfer Agreement and a Regional Ready Pass Agreement were adopted. The fare structure did not require that operators change or modify their existing fare collection equipment.

The Uniform Fare Structure established fare levels for three types of service classifications: metro, urban and local feeder. Although some fares have increased since July 1981 to meet MTDB's objectives for increased farebox recovery and fare increases generally keeping up with inflation, the present fare structure for all operators except San Diego Trolley centers around these three service levels.

E. Bi-State Development Agency, St. Louis, Missouri

The existing fare structure in the St. Louis area consists of a two zone fare system with an express service surcharge. There is also a 10 cent transfer charge. Elderly and handicapped persons ride at approximately half-fare with no zone or transfer charges.

Bi-State Development Agency policy on transit system fares includes:

- o Fares will be established by action of the Board and can be changed only by such action. Not less than once each year, usually in conjunction with the adoption of the operating budget, the Board will evaluate the fare structure and consider changes. The evaluation will consider, at least, rate of inflation, financial goals, transit dependents, attraction of new riders, legal requirements, funding sources and special programs.
- o Special or promotional fares may be offered for the purpose of attracting new riders or providing an incentive for riders. If promotional fares will be in place for more than 30 days, it must be approved by the Board. Such fares may be offered at management's discretion for less than 30 days if written notice including projected revenue impact is provided to the Board prior to notice to the public.

F. Port Authority of Allegheny County, Pittsburgh, Pennsylvania

The existing fare structure in the Pittsburgh area includes a ten zone system. There is a charge for transfers. Children and handicapped riders pay one-half the adult cash fare, although handicapped riders must pay full fare during peak hours. Seniors are entitled to ride free during the midday, while paying full fare during peak hours.

The Port Authority of Allegheny County goals for reviewing the existing fare system and evaluating fare system changes include:

- o revenues should be maintained or increased
- o the fare structure should be equitable
- o fares should be simple to collect and understand
- o the fare structure should encourage use where capacity exists
- o management should be simple and costs minimized
- o the overall fare structure should allow logical system wide changes
- o the structure should assist in achieving socioeconomic and environmental goals

VII. Issues

Transit fare policies and pricing issues need to be addressed within the larger context of service levels, types of service, overall philosophy of transit and the complete transportation system. The fare structure and levels are influenced by many factors and, in turn, influence ridership levels, revenues and the public's perception of the system. The challenge in developing the fare structure and pricing levels is to balance revenue and ridership maximization with a system that is simple enough to be understood by operators and passengers, and is cost-effective to implement and operate. The formulation of fare policies must take into consideration the riders who are the direct beneficiaries and the indirect beneficiaries such as auto drivers, businesses and the entire metropolitan area.

The key issues considered in the development of the RTB's fare policies are reviewed in this chapter. Each issue is presented and discussed with a conclusion on how it relates to transit in the Twin Cities Metropolitan Area. The information presented previously in this report, especially from past studies, experience in other areas, legislative direction and existing policies have been used in this analysis.

A. Fare Structure

1. Flat or Mileage-Based Fares

The two basic types of fare structures used by transit systems are the flat fares and distance-based fares. Flat fares apply a constant fare for all transit trips regardless of the distance traveled. Mileage-based fares charge different fares based on the distance traveled. These are often set on the basis of zones, such as the existing MTC fares, but may also be set on the basis of mileage.

Flat fares are most common in small- to medium-sized areas, where the transit service area is relatively compact and there are not great discrepancies in the length of routes or average travel times. Local examples of systems using flat fares are Duluth and St. Cloud. Distance-based fares are commonly used in larger metropolitan areas, such as the Twin Cities, where the route length and travel times vary greatly. This fare structure is based on the concept that individuals should pay for the services they receive and those travelling longer distances should pay a fare reflecting the additional cost of the service. Thus distance-based fares more equitably reflect the actual service received.

Flat fares are easily understood by both riders and users. They are also easy to collect, enforce and market. Distance-based fares are usually more complex and confusing for both riders and drivers. Mileage-based fares are harder to collect and enforce by the operators and marketing may be more difficult. Zone fares, which are a form of distance-base fares, are easier to understand, market and administer than pure mileage-based systems.

Conclusion: Based on the large size of the metropolitan area and the different length of transit trips within it, distance-based fares are more appropriate for use in the Twin Cities than flat fares to

adequately reflect the cost of providing these services. A zone structure should continue to be used as the most appropriate distance-based system.

2. Time of Day Pricing and Special Services

With either type of system, different fare levels may also be charged during different times of the day and for different types of services. Most systems, regardless of whether they employ flat or distance-based fares, use some of these additional fare surcharges or fare reductions.

Different fares may be charged based on the time of day. Often an additional charge is placed on travel during the morning and afternoon peak periods. This surcharge attempts to make up for the higher cost of providing peak service by charging users a fare reflective of the costs of the service. The RTB's four-factor cost model analysis, developed as part of the Transit Service Needs Assessment, shows that peak service is more costly to provide than base service. Locally, there is a \$.15 peak-hour surcharge, which has been in effect since 1982.

Also many systems charge higher fares for express or limited stop services, premium servicing using motor coaches or other special service. These extra charges are added to reflect the faster travel time or better service the user receives. A surcharge for freeway express service has been charged in the Twin Cities since 1970. Since 1976, the surcharge has been \$.15.

Conclusion: Additional peak period and express charges are appropriate to reflect the service received by users costs of providing these services. These extra charges should continue to be applied for peak and express service in the metropolitan area.

3. Specialized Fares

Many systems also charge different fares for special segments of the population. The most commonly used are reduced off-peak fares for the elderly, handicapped and students. Individuals from these groups riding during the peak period are required to pay the full fare, but are charged a lower fare during off-peak hours. The concept behind this practice is to provide a reduced fare to groups who may need it and to encourage transit use during times of the day when capacity exists. Reduced fares have been provided for these groups in the Twin Cities for many years.

Conclusion: Special fares for specific socio-economic groups are appropriate for use during the off-peak periods to provide lower fares for individuals who may need them.

B. Revenue and Ridership Considerations

1. Revenue

A primary purpose of transit fare policy is revenue generation, whether the operator is public or private. Fares generate revenues that help pay for the cost of providing transit services and thereby reduce the public subsidy required. Most systems, however, do not recover enough through fares to pay for the entire cost of operating the service. Some high revenue-producing routes may pay for themselves, but on the whole, transit systems do not. A farebox recovery ratio of between 30 and 40 percent is considered good by regular route industry standards. This ratio is lower for paratransit programs which commonly average between a 10-20 percent farebox recovery ratio. Usually specialized transit services, such as those for the elderly and handicapped, have lower farebox recovery ratios than general purpose dial-a-rides. Locally, there is a 35 percent recovery ratio mandated by the State Legislature for regular route services.

Conclusion: Fares should pay for a reasonable portion of the cost of providing transit services to maintain an acceptable level of public subsidy. Regular route services should meet the legislative requirement for a 35 percent farebox recovery ratio. Paratransit services funded by the RTB should meet RTB established farebox recovery ratios, including 20 percent for general purpose dial-a-ride and 10 percent for Metro Mobility.

2. Ridership

Since fare levels directly impact ridership levels, the fare structure and pricing levels should be examined for their effect on different market groups. Although increasing fares may increase revenues, a net loss in ridership will normally result with some particular groups seeing greater decreases in ridership.

Fare elasticity of demand is used in fare planning to indicate the responsiveness of different ridership groups to fare changes. The standard method of estimating ridership changes anticipated from fare changes is through the use of fare elasticities measuring the percentage change in ridership given the percent increase in fares.

In the past the generally accepted rule for regular route service has been that for every 1% increase in fares, ridership would decrease .3%. However, it has also been found that different groups react differently to fare changes. Thus different fare elasticities have been developed and applied for different groups. The following elasticities have been developed for use in the RTB's analysis based on the MTC study and other national experience, for the different user groups.

RTB Fare Elasticities

<u>Fare Category</u>	<u>Zone</u>	<u>Elasticity</u>
Adult-Local		
Peak	Zone 1	(0.25)
Peak	Zone 2	(0.25)
Peak	Zone 3	(0.25)
Peak	Zone 4	(0.25)
Off-Peak	Zone 1	(0.50)
Off-Peak	Zone 2	(0.50)
Off-Peak	Zone 3	(0.50)
Off-Peak	Zone 4	(0.50)
Adult-Express		
Peak	Zone 1	(0.20)
Peak	Zone 2	(0.20)
Peak	Zone 3	(0.20)
Peak	Zone 4	(0.20)
Off-Peak	Zone 1	(0.45)
Off-Peak	Zone 2	(0.45)
Off-Peak	Zone 3	(0.45)
Off-Peak	Zone 4	(0.45)
Seniors		(0.20)
Handicapped		(0.20)
Youth	Zone 1	(0.30)
Youth	Zone 2	(0.30)
Youth	Zone 3	(0.30)
Youth	Zone 4	(0.30)
Downtown Zone		(0.60)

Conclusion: The analysis of changes in the fare structure and pricing levels should assess the impact on different ridership groups as each of these market groups react differently to changes in fares.

C. Equity

There are a number of equity issues relating to transit and fares. The two major areas of user equity and taxpayer equity are examined here. In both cases it is important to remember that fares are only one component of the overall transit service picture and thus many other issues, such as level of service, type of service and coverage must be addressed when dealing with the larger equity concerns.

1. User Equity

This issue concerns how equitable the fare structure and fare levels are to the various groups who ride the system. In other words, are those who benefit from the service paying for it and do the different user groups pay comparable amounts for the same trip distance and service quality. Many of these issues were addressed under the fare structure assessment. Currently, different fares are charged for both regular route and paratransit services which are more costly to provide, such as longer trips, peak hour service and specialized service, or provide improved service, such as express service.

Conclusion: The fare structure and pricing levels should reflect the benefits received by the rider. Zone fares, express and peak hour surcharges are equitable methods of charging riders for the cost of providing these services and should continue to be used. Higher fares for specialized services, which are more expensive to operate and provide higher levels of service, are also appropriate and should continue to be used.

2. Taxpayer Equity

Taxpayer equity relates to the overall question of whether transit services and transit taxes are distributed across the metropolitan area in a reasonable, consistent distribution. From a taxpayer perspective, fare structure and pricing is only a relatively small piece of this overall taxpayer equity issue. The overall taxpayer equity issues needs to be addressed before any special steps can reasonably be taken with regard to fares.

Three sequential questions need to be examined in addressing the taxpayer equity issue and subsequently how it may relate to fares. The first question is, is there an equity problem in the current distribution of transit services and transit taxes across the metropolitan area? Second, if a problem does exist, is it best addressed through modifications to the fare structure and pricing levels, or is it more appropriately addressed in other ways such as changes to the service structure or tax structure? If the answers to these two questions indicate that there are taxpayer equity concerns and that they should be addressed through the fare system, then the question becomes how best can they be addressed through the fare structure and pricing levels.

At present, the answer to the first question is uncertain. Arguments have been made that there is an equity problem but there is no agreement as to what it is. Some contend that the suburban areas are paying more in property taxes than the service they receive, while others contend that the central cities are paying too much. Since this question remains open, it is not at this time appropriate to resolve it through the application of fare policies. Moreover, it should be examined in light of the existing tax feathering and service level mechanisms, since there are more fundamentally tied to taxpayer equity than fares, which should already be designed to pass user equity tests.

Conclusion: Given the complexity of the taxpayer equity issue and the uncertainty if the current system is inequitable, the approach to the fare structure and pricing levels should reflect the quality and cost of the transit service received by the taxpayer. Thus, the same approach, basing fares on the cost and quality of the service, is the most equitable for both users and taxpayers.

D. Overall Transportation System and Policies

The development of regional fare policies must also consider the overall status of the metropolitan area's transportation system. Parking costs and availability, preferential treatment for transit and highway congestion are all important aspects of the system which should be considered. Communities benefit from the existence of transit services through reduced traffic congestion, improved air quality and increased economic activity along bus lines, layover areas and transit hubs. Overall transportation policies, such as those which include preferential access for transit or limit or reduce parking, will impact transit

Conclusion: Fare policies should consider the impacts on the overall transportation system. The fare structure and pricing should encourage transit use, especially in highly congested areas, and support the overall transportation system. However, fares alone will only have a small influence on encouraging transit use in these areas. The level and type of services provided will have a major impact. Thus, fares should be viewed as one portion of the overall transit approach, and should be looked at in combination with the level of services being provided.

E. Fare Payment and Collection Methods

Consideration of fare payment methods must be made in conjunction with fare structure and pricing level decisions since certain fare systems prevent the use of some payment methods. Additionally, some fare payment methods might rely on a single fare method, such as cash only. Fare payment methods typically consist of cash, tokens or passes. Passes can be punch cards or flash passes and be either monthly or for a set number of rides.

Prepaid fare payment methods such as tokens, punch cards and passes offer advantages both to the operator and the rider. They provide convenience to riders and often reduced prices. For the operator, these methods provide payment prior to use and can simplify passenger boarding. The one exception to simplifying boarding is the use of the punch card, which requires the driver to physically punch the card, resulting in slower boarding time. Prepaid fare mechanisms allow for easy subsidization by businesses or companies for employees. Passes are a convenient way to accommodate differentiated fares while requiring less of the driver's time to collect. A problem with passes, however, is that they benefit only those who use the system regularly and, although they may induce extra trips, the operator earns no extra revenue.

Currently, regular route systems in the Twin Cities use four major fare payment methods. These are cash, tokens, punch cards and passes. Different paratransit services use both cash fares and some prepayment methods such as tickets or vouchers. The use of these different payment methods provides riders the opportunity to select the one best suited to their needs and transit use. They also provide operators with different ways to market services, encourage ridership and enhance revenue generation. The fare collection equipment must be able to handle the coins or paper used for paying cash fares and any validation necessary for passes or punch cards. Currently existing regular route fareboxes do not take dollar bills or Susan B. Anthony dollars.

Conclusion: The fare structure and pricing levels should provide for a variety of payment methods. These should include convenient methods such as prepaid passes and tokens. Consideration should be given to both the ease of use for the operator and riders and also the ease of administration.

F. Fare Integration Between Providers

This issue concerns the uniformity of fare structures and pricing among different operators of the same types of services. This is important both in insuring equity among riders using similar types of services and providing for transferring between different providers. Currently regular route providers in the metropolitan area use the same fare structure and accept transfers from other regular route providers

There has been little experience on both the local and national level in evaluating paratransit and social service fare systems and fare changes. The analysis which has been done with fare elasticities for these types of services indicate that service characteristics are more important than the fare level.

Currently, the approach to fares varies widely among paratransit systems in the metropolitan area. The Metro Mobility base fare structure is similar for all providers, but different rates may be charged after eight miles up to the maximum fare level. The community and county programs use a variety of fares and donations reflecting the local program focus, needs and funding sources.

Conclusion: Uniform fare structure and pricing levels should be used by all regular route operators. Transfer reciprocity between regular route services should also continue. The Metro Mobility system should continue to use a common base fare, while allowing the providers flexibility to be competitive with fare pricing beyond the eight mile limit. The community and county programs should be allowed to establish fare levels to meet the needs of their programs and clients in keeping with the subsidy level identified for services receiving RTB funding.

G. Transfers

Transfers are used in transit systems to provide for individuals who need to change to a different route to complete their trip. Currently transfers are provided free upon request on regular route services in the metropolitan area. Transfers may be used for up to three changes to different routes within a 60 minute time period. Currently reciprocity exists between all regular route services in the metropolitan area, so that transfers from one system are accepted by another operator.

Some systems do charge for transfers, while others place more stringent limitations on the use of transfers, such as use of the next available bus only. While abuse of transfers does exist, analysis to-date indicates that it is relatively minor.

Conclusion: Transfers provide a mechanism of encouraging ridership by making changes between routes relatively easy and convenient. Given the need to change buses to reach many destinations in the metropolitan area the current free transfer system should be maintained. Transfers should also continue to be accepted between different providers of regular route services to provide a coordinated system.

H. Fare Increases

How and when fare increases should be made is an important issue. As noted in the chapter reviewing the history of fares in the metropolitan area, fare increases have been made on a sporadic basis in response to major funding concerns. Fares remained the same for a nine-year period followed by three increases within three years, followed by six years of no increases in the base fares.

An alternative approach is to examine the need for fare adjustments on a regular basis and plan specifically for fare increases at set intervals unless found unneeded. This is done not only to keep fares adjusted to cost of living increases or other adjustments in costs, but also to avoid catching riders with unexpectedly large or multiple fare increases.

Conclusion: Fare pricing levels should be monitored on an annual basis and evaluated on a biennial basis as part of the transit budgeting process. Changes in fares will be considered at these times. The evaluation should consider, at least, the rate of inflation, farebox recovery requirements, transit dependents, attraction of new riders, legal requirements, funding sources and special programs.

VIII. Framework for Fare Evaluation

This chapter presents the framework which has been developed for evaluating fare structures and pricing levels in the Twin Cities Metropolitan Area. This is a key step in the definition of fare policies. The evaluation framework developed employs a system of goals, objectives, criteria and measures to organize the fare structure and pricing assessment. Its development serves two functions. The first function is the articulation of goals and objectives, which once the trade-offs between conflicting goals and objectives have been resolved, serve as the basis for the development of fare policies. The second function is to provide a methodology for fare system and pricing review and comparison.

The goals, objectives, criteria and measures which form the RTB's framework for evaluating existing and alternative future fare structures and pricing levels are outlined in this chapter. The RTB's Fare Policies, which are based on these goals, objectives criteria and measures, are provided in the next chapter. Also contained in the next chapter is the procedure the RTB will use to monitor fare levels, evaluate alternative fare scenarios and make decisions concerning changes in the fare system.

A. Fare Goals and Evaluation Structure

Seven general goals have been identified for guiding the development of fare policies and the fare evaluation process. These are:

1. The fare structure and pricing levels should be areawide, unified and internally consistent for similar types of transit services.
2. Revenues generated from fares should cover a significant cost of providing the service.
3. The fare structure should encourage ridership, especially where capacity exists.
4. The fare structure should be simple and easy to understand and administer.
5. The fare structure should be set at levels equitable to the majority of patrons.
6. The fare structure should assist in achieving other socioeconomic and environmental goals.
7. The fare structure and pricing levels should reflect public participation and shall be coordinated with the annual and biennial transit budgeting process.

Based on these goals a set of objectives, criteria and measures have been developed. To aid in understanding the purpose of each of these the following definitions are provided.

Goals - Goals are generalized statements of values and needs. While goal statements may be somewhat abstract, they are based on realistic problems and opportunities. They reflect the desired approach and outcome to these problems and opportunities. Goals serve an important link between technical planning and the needs and desires of policy groups.

Objectives - Objectives describe the desired future conditions to be attained by the goals and associated actions, either as direct impacts or direct performance achievements. As such they represent desired end result rather than the means of accomplishing it. They provide an explicit and consistent basis for testing how well a given alternative might perform to meet the goal.

Criteria and Measures - These describe the ways to measure the degree of attainment of the objectives, and the corresponding objective attainment measures themselves. For each objective, at least one criteria and corresponding measure or measures have been developed for use in analyzing and evaluating the different fare options. Measures may be monetary, quantitative in non-monetary units, or qualitative.

Goals, objectives, criteria and measures thus move from the general to the specific, providing more detail at each level. Such a hierarchy is a convenient method of organizing all of the different statements of purpose or benefit which public officials, administrators, planners, operators, and the general public may advance for such public services as transit. This hierarchy provides an effective methodology for analysis of fare structures and pricing alternatives.

Goals and objectives are one step removed from policy statements. This is because trade-offs or conflicts exist between objectives and their associated goals, recognizing that full attainment of some objectives will be at the expense of other objectives. Statements of policy should either provide for resolution of these conflicts or explicitly provide for balancing trade-offs as part of policy application. Different fare system options will differ in these trade-offs, and one function of the analysis will be to aid in achieving the least conflict among objectives as well as the best resolution of the conflicts which remain.

B. Corresponding Objectives, Criteria and Measures

Following is a listing of the objectives, criteria and measures that have been prepared in conjunction with each fare system goal:

Goal 1: The fare structure and pricing levels should be areawide, unified and internally consistent for similar types of services.

Objective a: All regular route operators funded by the RTB shall utilize a unified, areawide fare structure, pricing and transfer system.

Criteria: The fare system will be the same for all regular route operators.

Measure: A check of all regular route systems.

Objective b: All Metro Mobility providers will utilize and enforce the same fare structure.

Criteria: The fare structure will be the same for all Metro Mobility providers.

Measure: A check of all Metro Mobility providers.

Objective c: Community and county paratransit programs funded by the RTB will utilize fares of the same order of magnitude, while allowing for flexibility for local programs.

Criteria: The fares charged will be similar to the norm for equivalent service.

Measure: The average fare for each program compared to the average fare of all community and county programs for equivalent service.

Goal 2: Revenues generated from fares should cover a significant cost of providing the service.

Objective a: The fare structure and pricing schedule shall be set to meet or exceed specified farebox recovery requirements.

Criteria 1: Fares will generate revenues to meet the applicable legislative requirements for overall regular route farebox recovery ratio and RTB requirements for non-regular route services.

Measure: Actual recovery ratio vs. legislative or RTB requirement.

Criteria 2: Fares will provide a revenue margin for service enhancement or financial flexibility.

Measure: Revenue produced in excess of the farebox recovery ratio set by the legislature or RTB requirements.

Criteria 3: The fare structure should allow for maximization of fare revenue generation from other sources, such as employer subsidies.

Measure: Fare instrument(s) amenable to easy, targeted private/public subsidy.

Objective b: The fare structure should allow for easily-implemented, logical systemwide changes.

Criteria: The fare structure should be capable of small fare increases without destroying the equity of the system.

Measure: Qualitative analysis based on ability to maintain the integrity of the system.

Goal 3: The fare structure should encourage ridership, especially where capacity exists.

Objective a: The fare system should maximize overall ridership.

Criteria: The fare system should maximize ridership for given total fare revenues.

Measure: Total passengers divided by fare revenue.

Objective b: The fare structure should maximize the use of available capacity.

Criteria: The fare system should lower the peak-to-base service ratio of ridership.

Measure: Comparison of before and after peak-to-base ratio.

Objective c: The fare structure should maximize the cost-effective person-carrying capacity of the system.

Criteria: The fare system should encourage the use of the most cost-effective transit or paratransit modes.

Measure: Qualitative analysis based on a two step process. First the modes which are most cost-effective for different circumstances will be identified. Second, the effect of the fare system on correspondingly appropriate mode shifts will be examined.

Goal 4: The fare structure should be simple and easy to understand and administer.

Objective a: The fare structure should be easily understood and applied by riders and drivers.

Criteria 1: Fare elements should be minimized and standardized.

Measure: The number of fare elements.

Measure: The differences or sameness among fare elements.

Criteria 2: The fare system should provide for easy and quick payment.

Measure: The amount of coins and/or paper required for the average fare payment transaction.

Measure: The availability of simple fare prepayment method(s).

Criteria 3: The fare system should be efficient for the driver to administer.

Measure: The number of transactions affecting driver involvement time.

Measure: The distinctiveness of passes/I.D.'s required/transfers.

Objective b: The fare structure should be simple and cost-effective to administer.

Criteria 1: The fare system should be consistent with fare equipment capabilities.

Measure: Qualitative analysis of equipment capabilities.

Criteria 2: The fare system should allow and be consistent with the minimization of processing and equipment costs.

Measure: The estimated cost of processing and equipment maintenance.

Criteria 3: The fare system should minimize opportunities for theft and manipulation.

Measure: The number of opportunities for fraud using existing system as standard.

Criteria 4: The fare system should facilitate the collection of accurate passenger data.

Measure: A qualitative analysis including quantification of ridership and market segment identification.

Goal 5: The fare structure should be set at levels equitable to the majority of patrons.

Objective a: The fare system should minimize the cross-subsidization of fares.

Criteria: Fares paid should reflect the quality and cost of service received.

Measure: The variance or discrepancy in recovery ratio by distance traveled and time of day.

Measure: The existence of a charge for special amenities such as speed, seats for all, or extra comfort.

Goal 6: The fare structure should assist in achieving other socioeconomic and environmental goals.

Objective a: The fare system should reflect societal policies of support for targeted socioeconomic groups.

Criteria: The fare system should meet applicable legislative requirements.

Measure: Qualitative analysis of differences in meeting these requirements.

Objective b: The fare structure should not inhibit ridership to the point of creating an economic hardship on the transit dependent market groups.

Criteria: The impact of the fare system on transit dependent market groups.

Measure: Qualitative analysis of the financial impact on applicable market groups.

Measure: Estimated effect on ridership of applicable groups.

Goal 7: The fare structure and pricing levels should reflect public participation and shall be coordinated with the annual and biennial transit budgeting process.

Objective a: Any changes in the fare structure or pricing levels shall include public participation including public notice and a public hearing on the proposed changes.

Criteria: Public participation in the changing of the fare structure and pricing levels.

Measure: Check to insure that proper public participation process has been followed.

Objective b: The fare system should be reviewed as part of the biennial budget process and should be monitored on an annual basis.

Criteria: Annual monitoring of the fare system and biennial review coordinated with the budget process.

Measure: A check for annual and biennial adherence.

The RTB will utilize these goals, objectives, criteria and measures in the evaluation of fare structures and pricing levels. The procedure the RTB will use in this analysis is outlined in Chapter IV.

IX. Fare Policies and Procedures

This chapter presents the RTB's fare policies and procedures. The policies are based on the goals and objectives contained in the framework for evaluation and on the issues analysis presented in Chapter VII. In developing the metropolitan fare policies conflicting goals and objectives have been addressed and resolved. The policies thus present the most important elements guiding the fare structure and pricing levels in the metropolitan area. These policies, and the accompanying fare evaluation framework and procedures, will be used by the RTB to monitor, change or refine the fare structure and pricing levels.

The procedures presented in the second part of this chapter outline the specific steps the RTB will use to review, monitor, initiate changes to or evaluate requests for changes in the existing fare structure and pricing levels. It also outlines the next steps the RTB will take to receive public and provider input to the policies and procedures, finalize the policies and procedures, and consider requests from providers in changes to the existing fare system.

A. RTB Fare Policies

1. All regular route and general purpose paratransit services funded by the RTB will utilize a common unified fare structure with the same pricing levels and transfer system.
2. All Metro Mobility providers will utilize and enforce the same basic fare structure, while providing flexibility in pricing within RTB guidelines.
3. Fares for community and county paratransit programs partially funded by the RTB will be at the discretion of the local area so long as RTB guidelines for subsidy allocation are met.
4. Fares for overall regular route service will, at a minimum, generate revenues to meet the 35 percent farebox recovery ratio legislative requirement.
5. Fares for each RTB funded general purpose paratransit service will at a minimum generate revenues to provide a 20 percent farebox recovery ratio.
6. Fares for Metro Mobility will, at a minimum, generate revenues to provide an overall 10 percent farebox recovery ratio.
7. The fare structure and pricing levels will be designed to enhance revenue generation in excess of the minimum requirements, to take advantage of other revenue sources, and to provide for easily-implemented changes in response to changing revenue needs.
8. Within the constraints of the recovery ratio, the fare structure and pricing levels will encourage ridership, especially where capacity exists.
9. Fare equity will be maintained through use of distance based zone fares and pricing differentials for different types of services, including express and local, and peak and off-peak service.

10. The fare system will reflect societal policies of support for targeted socioeconomic groups, and not create undue economic hardship for transit dependent market groups.
11. Within the constraints of economic, equity and social considerations, the fare structure will be simple and easy to understand and administer.
12. The fare structure and pricing levels will be flexible to allow for promotional and experimental fares subject to RTB approval.
13. The fare structure and pricing levels will be monitored on an annual basis and fully evaluated biennially in conjunction with the biennial budget preparation, at which time fare changes will be examined.
14. Any changes in the fare structure or pricing levels will include a public participation process, including proper public notice and appropriate public hearing(s) on the proposed changes.

B. Procedures

Based on the fare policies and fare evaluation framework presented in this document, the RTB will utilize the following process to monitor and evaluate the fare structure and pricing levels in the metropolitan area. The process also outlines the procedures for operators to request fare changes and the criteria the RTB will utilize in evaluating the boundaries of special fare zones.

The RTB will monitor the farebox recovery ratio for all services on an annual basis to insure that the fare policies and corresponding recovery ratios are being met. If the farebox recovery ratios are not being met, appropriate action will be initiated to adjust fare pricing levels. On a biennial basis, the RTB will conduct a review of the fare structure and pricing levels for all services based on the fare policies and fare evaluation framework. In both cases, the monitoring and review will be coordinated with the budgeting process. Changes in the fare structure and pricing levels will be considered at these times. The RTB will request each operator to provide the necessary information from their system and to participate in the process.

The RTB will also utilize the fare policies and fare evaluation framework to respond to requests from service operators for changes in the fare structure and pricing levels. The RTB will strongly encourage that this be done as part of the biennial and annual monitoring and review process outlined above but the RTB will not limit requests to this period only. The RTB will consider special requests based on unique or unforeseen circumstances. However, by following the process outlined here, unforeseen circumstances should be kept to a minimum.

It is anticipated that once the initial review of the fare structure is completed the monitoring and review process will focus primarily on changes in the fare pricing levels.

The major steps in this process are as follows:

1. On an annual basis the RTB, in conjunction with the operators, will monitor the farebox recovery ratio for all providers to insure the required recovery ratios are being met. On a biennial basis the RTB, in conjunction with the operators will review the existing fare structure and pricing levels by the fare policies and evaluation framework.
2. These reviews will identify fare changes or adjustments which may be necessary to meet the policies, goals and objectives.
3. If adjustments are necessary, the RTB, with input from the operators, will evaluate alternative fare structures and pricing levels based on the fare evaluation framework which would bring the system into conformance with the goals and policies. Table 7 outlines, by example, how the measures developed in the framework will be used to evaluate different fare scenarios.
4. If a change is recommended, the public participation process would be initiated. A final decision would be made after all comments had been received. It is anticipated that the operator and the RTB will participate jointly in the public participation process, with the operator having the lead role.

All changes in the regular route and general purpose paratransit fare structure and pricing levels will be made for all providers. Thus all providers will be involved in the evaluation and public participation process. The evaluation will include the impacts on all affected providers, not just those making the request.

5. An operator, or local governmental unit under contract to the RTB, may also approach the RTB to request a change in the fare structure or pricing level. The RTB will evaluate this request based on the fare policy measures. Any recommended change resulting from this request would also be subject to the public participation process.
6. In responding or initiating a request for a special fare zone the RTB will analyze the impact of the zone on the overall fare revenues, the legislatively set 50 percent operating cost level, the purpose of the zone and the appropriateness of the zone boundaries. Any request for a special fare zone or change in the boundaries of an existing zone would be subject to public participation.

C. Next Steps

To finalize the fare policies and fare evaluation framework, the following steps will be taken.

1. Public participation and provider review. The RTB will receive public and provider comments and review of the fare policies presented in this report. Public hearings will be held to solicit public input. Provider reaction will be obtained through the RTB's regular provider meetings and special meetings.

2. Based on the comments and concerns raised through public and provider review, the RTB will make any needed revisions and then formally adopt the final fare policies and procedures.
3. Using the fare policies, procedures and fare evaluation framework the RTB will be in a position to respond to requests for changes in the fare structure and pricing levels. It is anticipated that the first evaluation will be conducted on the recommendations resulting from the MTC's Transit Pricing Study. While the Commission has endorsed the fare simplification recommendation, it has not formally adopted a change nor has the MTC requested the RTB to consider a change. It is anticipated that such a request will be made leading to the evaluation of the recommended alternative and appropriate public participation process.
4. The RTB will continue to monitor and review transit and paratransit fare structure and pricing levels on an ongoing basis as outlined in this report.

Table 7
Fare Evaluation Framework

Goal	Objective	Criteria	Measure	Existing Structure	Alternative
1. Areawide, unified fare structure and pricing levels	a. All regular route operators funded by RTB shall use area-wide, unified fare structure, pricing and transfer system	1. Fare system will be same for all regular route operators	a. Check of all regular route systems	Yes	
	b. All Metro Mobility providers will use same fare structure	1. Fare structure will be same for all Metro Mobility providers	a. Check of all Metro Mobility providers	Yes	
	c. Community and county paratransit programs funded by the RTB will use fares of same or order of magnitude while allowing for some flexibility	1. The fare charged will be similar to the norm for equivalent service	a. Average fare for each program vs. the average fare		
2. Revenue Generation	a. Meet or exceed specified farebox recovery ratio requirements.	1. Generate revenue to meet legislative requirements for overall regular route and RTB requirements for non-regular route service.	a. Actual recovery ratio vs. legislative or RTB requirement	37%	38%
		2. Provide revenue margin for service enhancement or financial flexibility	a. Revenue produced in excess of existing farebox recovery ratio		\$149,624
		3. Maximize fare revenue generation from other sources such as employer subsidies	a. Fare instruments amenable to easy targeted public/private subsidy	Fair	Fair
	b. Allow for easily-implemented, logical systemwide changes	1. Capable of small fare increases without destroying system equity	a. Qualitative analysis based on ability to maintain integrity of system	Fair	Fair
3. Encourage Ridership	a. Maximize overall ridership	1. Maximize ridership for given total fare revenues	a. Total passengers fare revenue	1.67	1.65
	b. Maximize the use of available capacity	1. Lower the peak-to-base service ratio of ridership	a. Before and after peak-to-base ratio	44%	44%

Goal	Objective	Criteria	Measure	Existing Structure	Alternative
	c. Maximize cost-effective person-carrying capacity	1. Encourage use of most effective transit or paratransit mode	a. Qualitative analysis: -which modes for which circumstances are most cost-effective -effect on fare system on correspondingly appropriate mode shifts	Good	
4. Simplicity	a. Easily understood and applied by riders and drivers	1. Minimize and standardize fare elements	a. Number of fare elements	27	
			b. Difference/Sameness among fare elements	16	
		2. The fare should be quick and easy to pay	a. Amount of coins and/or paper required for the average payment transaction	3-4	
			b. Availability of simple fare prepayment method	93%	
		3. The fare should be efficient for the driver to administer	a. Transactions affecting driver involvement time	Token/cash/pass - Good Transfers/Punchcards - Fair	
			b. Distinctions of passes/I.D.s required/transfers	Fair	
	b. Simple and cost-effective to administer	1. The fare system should be consistent with fare equipment capabilities	a. Qualitative analysis of equipment capabilities	Excellent	
		2. The fare system shall allow and be consistent with the minimization of processing and equipment costs	a. Estimated cost of processing and equipment maintenance	\$900,000/yr	
		3. Minimize opportunities for theft and manipulation	a. Numbers of opportunities for fraud using existing system as standard	Fair	
		4. Facilitate the collection of accurate passenger data	a. Qualitative analysis including quantification of ridership and market segment identification	Fare system itself--fair MTC--good Other providers--poor	

Goal	Objective	Criteria	Measure	Existing Structure	Alternative
5. Equity	a. Minimize cross-subsidization of fares	1. Fares paid should reflect the quality and cost of service received	a. The variance in recovery ratio by distance traveled and time of day		
			b. The existence of a charge for special amenities such as speed, seats for all, extra comfort	Express surcharge	
6. Social and Environmental Goals	a. Fares should reflect societal policies of support for targeted socio-economic groups	1. Meets applicable legislative requirements	a. Qualitative analysis in meeting requirements	Yes	
	b. The fare structure should not inhibit ridership to the point of creating an economic hardship on the transit dependents	1. Impact on transit-dependent market groups	a. Qualitative analysis of financial impact on applicable market groups b. Estimated effect on ridership of applicable groups	Seniors-- 6,256,000 Limited Mobility-- 173,000 Youth-- 3,761,000	
7. Public participation and coordination with transit budgeting process	a. Any changes shall include public participation including public notice and public hearing	1. Public participation in the changing of the fare structure or pricing levels	a. Check to insure public participation has been followed		
	b. Fare system reviewed with biennial budget process and monitored annually	1. Annual monitoring of fare system and biennial review	a. Check for annual and biennial adherence		

Appendix A
Detailed MTC Fare History Since 1970

Before the MTC acquired Twin Cities Lines, the existing fare structure included:

- 0.30 base fare
- 0.05 express surcharge
- youth, elderly and handicapped paid regular adult fare
- 2 zones based on boundaries of both central cities
- free transfers

After the MTC began operating, many changes in the fare structure took place. These are described below by year of occurrence.

- 1971
 - 0.10 reduction in senior fares, effective only on Thursdays between 9 and 3 and after 6 p.m.
 - 0.10 QT service established in Minneapolis
- 1972
 - free off-peak service for seniors in conformance with State legislation
 - 0.10 QT service established in St. Paul
- 1973
 - 0.10 fare implemented on routes 5, 7, 16 from Como-Rice to Water Street to serve the Capitol Complex and Harriet Island parking facilities approved for 120 days. City of St. Paul and Minnesota Department of Administration shared additional cost of service
 - approved 6 month trial for free transfers between the MTC and suburban operators
- 1974
 - approved continuation of free transfers with suburban operators; MTC reimbursement for acceptance of MTC transfers to be on basis of the lowest of the two base fares
 - St. Paul QT service discontinued and dime zone established
 - sale of commuter tickets implemented for 12 month trial period
 - Jan. - concentric circles zone plan implemented, with zone 1 based on 6 mile radius and zones 2 on up based on 2 mile increments from zone 1. Base fare was 0.30 with a 0.10 zone charge for each additional zone. The MN legislature authorized additional funds to permit implementation of the concentric circle plan.
 - Nov. - zones 4 and up eliminated due to imposition of 0.50 fare ceiling established by the legislature
- 1975
 - 0.15 flat off-peak fare for handicapped implemented, without zone fares or express surcharge
 - temporary authority for dime zone, including use of express buses in Minneapolis
 - Jan. - free fare for youth under 18 yrs. during off-peak
 - Jun. - free fare for youth eliminated; returned to 0.10 fare during off-peak
- 1976
 - express surcharge increased to 0.10
 - approved free rides for all uniformed police, fireman and deputies

- 1977
- youth fares changed to require payment of applicable zone fares and express surcharge in addition to 0.10 off-peak fare
 - zone 4 beyond 10 mile radius re-established with 0.60 fare after lifting of fare ceiling; 0.10 zone charge between Minneapolis and St Paul eliminated
 - monthly pass program implemented
 - weekend pass initiated at a cost of \$1.00 per pass
- 1978 no changes
- 1979
- base fare raised to 0.40
 - base fare for youth raised to 0.20 plus applicable zones fares and express surcharge
 - free fare for seniors eliminated; 0.10 off-peak fare implemented
 - base fare for handicapped raised to 0.20
 - approved use of dime zone commuter ticket by seniors during off-peak hours
- 1980
- base fare raised to 0.50
 - free fare reinstated for low income seniors
- 1981
- base fare raised to 0.60
 - base fare for handicapped raised to 0.30
 - zone charges for zones 2 and 3 increased to 0.15; zone 4 kept at 0.10
 - weekend pass cost increased to \$2.00 per pass
 - Minneapolis QT and dime zone fares raised to 0.25
- 1982
- 0.15 peak period surcharge implemented
 - free fare program for low income seniors discontinued; all seniors pay 0.10 off-peak fare
 - Minneapolis QT service discontinued and dime zone fare returned to 0.10
 - weekend pass program discontinued
- 1983
- JET pass for unemployed persond implemented on 3/30/83 for a 120 day trial for a 0.25 cash fare during off-peak. The Minnesota Dept. of Employment Services handles identification, certification and distribution of JET passes. Pass was continued through 1983 on trial basis
- 1984 - JET pass continued through 6/30/85
- 1985 No changes
- 1986 No changes