



Minnesota Regional Transit  
Board: Records.

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**REGIONAL TRANSIT BOARD**  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
612/229-2700

**Meeting of the  
REGIONAL TRANSIT BOARD  
Mears Park Centre Chambers  
Monday, July 19, 1993  
4 p.m.**

**AGENDA**

- 1. CALL TO ORDER AND ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES:**
  - a. Regional Transit Board Meeting, June 21 1993
  - b. Committee of the Whole Meeting, June 28, 1993
  - c. Regional Transit Board Meeting, July 7, 1993
- 4. CHAIR'S REPORT**
- 5. MEMBERS' REPORTS**
- 6. EXECUTIVE DIRECTOR'S REPORT**
  - a. Update on Metro Mobility Restructuring
  - b. Fare Policy Presentation
- 7. REPORT OF THE COMMITTEE OF THE WHOLE**  
Ruth Franklin, Chair, Administration and Finance Committee
  - a. Financial Statements-May 1993
  - b. 1993 Regional Transit Board Budget Amendment
  - c. Proposed 1994 RTB Budget
  - d. Resolution Levying Preliminary Ad Valorem Property Taxes for 1993, Payable 1994, Resolution No. 93-06
  - e. State Fair Display, Vendor Selection
  - f. MTC State Fair Shuttle
  - g. 1993 MTC Budget Amendment for Purchase of Electronic Registering Fareboxes for Non-MTC Providers
- 8. OTHER BUSINESS**
- 9. PUBLIC COMMENT**

**John H. Riley**  
Chairman

mff  
July 13, 1993

April 30, 1993

REGIONAL TRANSIT BOARD  
ROLL CALL AND ATTENDANCE SHEET

DATE: 7/19/93

Member Name	Present	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote
ISSUE		93-06							
John Riley	✓		y			y			
Michael Beard	✓		y			n			
Sharon Feess	✓		y			n			
Ruth Franklin	✓		y			n			
Morgan Grant	✓		y			y			
Val M. Higgins	✓		y			n			
James Hovland	✓		y			n			
Ruby Hunt	✓		y			n			
<del>Sather</del>									
Dennis Schulstad <sup>stet</sup>	✓		y			y			

Visitors

Sachs \_\_\_\_\_  
 Puder \_\_\_\_\_  
 Harte \_\_\_\_\_  
 Minis \_\_\_\_\_  
 HE \_\_\_\_\_  
 mfr. / Kummer

Staff

ga, du se sh \_\_\_\_\_  
 eh for dn \_\_\_\_\_  
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REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
612/229-2700

**Minutes of the Meeting of the  
REGIONAL TRANSIT BOARD  
July 6, 1993**

**MEMBERS PRESENT:** John H. Riley, Chair; Michael Beard; Morgan Grant; Sharon Feess; Ruth Franklin; Val Higgins; James Hovland; Ruby Hunt; Dennis Schulstad

**OTHERS PRESENT:** Ferroll Robinson and Joe Kern, Strgar-Roscoe-Fausch, Inc.; Emil Brandt, Transportation Advisory Board; Tom Sather; Metropolitan Transit Commission; Arnie Entzel, Amalgamated Transit Union; Lisa Lee; Gregory L. Andrews, Judy Hollander, Howard Blin, Annette Keller, Dan Murray, Randy Rosvold, Mary Fitzgerald, RTB staff

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 4:05 p.m. The chair said Member Hovland had been delayed and would arrive shortly.

**APPROVAL OF AGENDA**

Grant moved and Hunt seconded approval of the agenda; the motion carried unanimously (Hovland and Schulstad not present).

**APPROVAL OF MINUTES**

Franklin moved and Beard seconded approval of the minutes of the Administration and Finance Committee meeting on June 14, 1993. The motion was unanimously approved (Hovland and Schulstad no present).

**CHAIR'S REPORT**

**May Driver of the Month Award - Bryan Chinander, DARTS**

Mr. Chinander was unable to attend the meeting.

**June Driver of the Month Award - Al Casperson, Yellow Taxi Service**

Higgins presented the award and thanked Casperson for his service to the people who depend upon Metro Mobility.

Riley thanked everyone who was involved in the X2000 event last week. It was a great success, in part because the weather was fine. Everyone who rode the high speed train was impressed with the smooth and quiet operation. Nearly 2,000 people toured the train before they had to close the exhibit. High speed trains could allow a person to work in the Twin Cities and live in Rochester with a commute no longer than that of people who live in Twin Cities suburbs. (Schulstad and Hovland arrived.)

### MEMBERS' REPORT

Hunt said she attended a conference at which House Minority Leader Swiggum indicated that he does not support transit because it is not efficient. He has noticed empty buses on the street. Hunt recommended that someone meet with him and explain how MTC operates. He does not understand the farebox percentage.

Representative Ozment is a firm supporter of RTB and transit, but has Metro Mobility concerns since Rosemount is not served. He asked about SMART DARTS. Riley said that is experimental technology for dispatching vehicles, similar to the PUSH program. Hunt suggested that Metro Mobility staff talk with him and explain.

### EXECUTIVE DIRECTOR'S REPORT

#### Intermodal Surface Transportation Efficiency Act (ISTEA) Funding Applications

Andrews called upon Blin to review his July 6, 1993 memorandum. Because of the tight deadline for the funding applications, the issue was brought directly to the board. Riley noted that operation of new service can only be funded for two years. Regarding letters of support for other projects, Riley said that RTB must review them for consistency with its Five-Year Plan, but since we are competing for funds with those projects, we should not send letters of support or opposition. Hunt moved and Beard seconded:

That the Regional Transit Board authorize the executive director to submit the following applications to the Transportation Advisory Board:

1. I-394 Service Operations Costs (second year) - \$2.4 million
2. Travel Demand Management Programs - \$850,000

### REPORT OF THE COMMITTEE OF THE WHOLE

#### AMENDMENT TO COMPETITIVE TRANSIT POLICY

Riley said at last week's meeting and the meeting week before, the board held the best discussion of policy he has heard since coming to the RTB. Higgins said that on June 28 Ed Kouneski and Len Simich brought a recommendation on competitive transit policies to the committee. He agreed with Riley that it was an especially good meeting with a great deal of input. The policy presented by staff contained five points. The committee amended the recommendation, deleting Item 3. Grant moved and Hunt seconded:

That the Regional Transit Board adopt the following policies:

The following policies apply to contract services for which the Metropolitan Transit Commission (MTC) and private operators are in competition and take effect for new contracts negotiated after the date of board approval.

1. Marginal cost proposals may be considered if:
  - a. Marginal costs fairly represent the actual costs that will be incurred as a result of providing that segment of service; and

- b. The fully allocated costs of other segments of service will not increase as a result of providing that segment of service.
2. The MTC's limits for submitting proposals on a marginal cost basis are:

	<b>Peak Vehicles</b>	
	<u>Number</u>	<u>Percent of Capacity</u>
Single contract	45	5%
Cumulative Total	136	15%

Notes: In no event shall the MTC's system-wide peak vehicle capacity of 906 be exceeded for the purpose of preparing a marginal cost proposal. This policy will be reviewed for modification at any time the MTC's capacity changes in the future.

3. As part of its annual review of the MTC's budget, the RTB shall audit and approve the MTC's marginal pricing method.
4. The Regional Transit Board and communities that contract for service will exclude vehicle capital costs from consideration in the evaluation of proposals.

The motion was unanimously approved.

#### **OTHER BUSINESS**

##### **Light Rail Transit Update**

Eiler reviewed her June 25, 1993 report. Patronage and cost estimates are available for those who would like additional information. Since people have been working on light rail for 20 years, Higgins asked if there is any way to push it forward. Eiler said that this year significant progress has been made. Until the agreement on governance last year, everyone was operating independently. Riley said he is finding that a lot was spent on studies and on land, but no one was in charge of a "game plan" to ensure that all of the issues required by FTA were covered. We have gone back now and done it right. In the past questions on the validity of the figures delayed it. The weak ridership numbers require a leap of faith. Eiler said national experts and the Federal Transit Administration have reviewed and approved the methodology now being used.

##### **Presentation of the Comprehensive Operations Analysis**

Ferroll Robinson and Joe Kern used slides to review the summary of findings of the Comprehensive Operations Analysis. Robinson stressed that an evaluation process must be developed to deal with route changes and additions. This would serve to remove the service planning process from the political arena. The process of implementing the recommendations began in September and is continuing. In response to Franklin's question, Riley said staff is making every effort to meet the recommendations. The data will be the basis for continued route planning for the next several years. Blin said staff would like to report on progress annually during the budget process. The intention is to streamline and simplify route scheduling.

### Appointment Process for Advisory Committees

Riley said that in the past the chair of the Transportation Accessibility Advisory Committee (TAAC) was nominated by the RTB chair. He intends to make that appointment after the members have been selected in the event his nomination is needed to balance TAAC membership between consumers and providers. Very shortly members will receive the application forms from their districts and are free as well to search for people in the districts and bring them into the process. Grant said that sometimes particular districts did not get applicants. He asked if board members can draw from other areas. There are active disability people who go into a variety of areas. Riley said legal counsel will be asked whether members are bound to select from within their districts and, secondly, can at-large members go outside and pick candidates from anywhere in the area. Andrews said board members selected people who lived or worked in their districts and then the three at-large members made their selection to maintain balance. Riley said he would prefer that members make their selections from their districts.

Hunt said she has questioned in the past why there are only one or two people with disabilities on TAAC. Perhaps Grant can suggest people from other districts. Higgins said he and Grant plan to wait to see who the other appointments are before they make their selection. Grant agreed with Hovland and Riley that members should caucus to discuss the candidates and the process should be expedited so that the new members will be involved in the system transition.

Responding to Hovland's question about the Comprehensive Operations Analysis (COA), Andrews said it cost \$300,000. Robinson suggested that MTC do a continuous COA by sectors. Riley said the COA discusses structure and what should be done in the future. Hunt asked how the report relates to the Management Audit. Riley said the audit analyzed how the organization functions while the COA analyzed how the route system functions. Hovland said the COA focuses on making the system more economical, which is the heart of the charge to the agencies. He asked what is being done on the other side, that is, bringing in more money? Sather said RTB commissioned an extensive marketing study that was completed by Ilium and Associates in January 1992. It gave MTC and RTB a process for attracting ridership and the current ridership increases reflect the recommendations of that study.

There being no other business, Hovland moved and Franklin seconded that the meeting be adjourned. The motion was unanimously approved and the meeting adjourned at 5:35 p.m.

I hereby certify that the foregoing constitutes a true and accurate record of the Regional Transit Board's meeting on July 6, 1993.

Respectfully submitted,

Mary Fitzgerald  
Secretary

Approved by the Regional Transit Board on this 19th day of July 1993.



REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
229-2700

**Minutes of the Meeting of the  
COMMITTEE OF THE WHOLE  
June 28, 1993**

**MEMBERS PRESENT:** Policy Committee Chair Val Higgins, Michael Beard, Sharon Feess, Morgan Grant, James Hovland, Ruby Hunt, John Riley

**MEMBERS EXCUSED:** Ruth Franklin and Dennis Schulstad

**OTHERS PRESENT:** Robert Mairs, Allyson Hartle, Todd Paulson, Melanie Benson, Tom Sather, Robert Thompson, Metropolitan Transit Commission (MTC); Beverley Miller, Minnesota Valley Transit Authority; Emil Brandt and Karen Lyons, Metropolitan Council; David Ewald, Arnie Entzel, Amalgamated Transit Union; Gregory L. Andrews, Judy Hollander, Ed Kouneski, Len Simich, Randy Rosvold, Suzanne Hanson, Mike Opatz, Dave Jacobson, Mary Fitzgerald, RTB staff

**CALL TO ORDER AND ROLL CALL**

Committee Chair Higgins called the meeting to order at 4:10 p.m. and roll was called.

**APPROVAL OF AGENDA**

Hunt moved and Grant seconded approval of the agenda. The motion was unanimously approved.

**OTHER BUSINESS**

Andrews noted that five announcements on upcoming route hearings had been distributed to the members.

Beard complimented whoever developed the "flood fleet" bus service. It was a good idea and will help ease the situation created by roads and bridges closed by the flood. Riley arrived and apologized for the delay.

**AMENDMENT OF COMPETITIVE TRANSIT POLICY**

Kouneski reviewed the revisions to the policy as outlined in his memorandum, dated June 16, 1993. The chair said the Providers Advisory Committee (PAC) spent a lot of time on this policy and he was impressed with their approach. Nearly all the providers are satisfied with the report. Speaking as a member of the board, Riley said this is as difficult an assignment as the board has ever been faced with. Staff has done an excellent job. *(The policies approved by PAC are shown below.)*

That the Regional Transit Board adopt the following policies:

The following policies apply to contract services for which the Metropolitan Transit Commission (MTC) and private operators are in competition and take effect for new contracts negotiated after the date of board approval.

1. Marginal cost proposals may be considered if:
  - a. Marginal Costs fairly represent the actual costs that will be incurred as a result of providing that segment of service; and
  - b. The fully allocated costs of other segments of service will not increase as a result of providing that segment of service.
2. The MTC's limits for submitting proposals on a marginal cost basis are:

	<b>Peak Vehicles</b>	
	<u>Number</u>	<u>Percent of Capacity</u>
Single contract	45	5%
Cumulative Total	136	15%

Notes: In no event shall the MTC's system-wide peak vehicle capacity of 906 be exceeded for the purpose of preparing a marginal cost proposal. This policy will be reviewed for modification at any time the MTC's capacity changes in the future.

3. Given these limits, the MTC may propose marginal costs for contracts in which:
  - a. All or most of the trip origins are within the fully developed service area boundaries, as defined by Minnesota Statute 473.385; or
  - b. The MTC is currently the operator and is being compensated on a marginal cost basis. (Note: this exception expires if the MTC is not awarded the contract.)
4. As part of its annual review of the MTC's budget, the RTB shall audit and approve the MTC's marginal pricing method.
5. The Regional Transit Board and communities that contract for service will exclude vehicle capital costs from consideration in the evaluation of proposals.

Riley expressed support for Items 1 and 2, which are designed to ensure that marginal cost bidding is permitted only in appropriate situations. The cap is placed at 15-percent because the Deloitte and Touche study concluded that MTC had enough flexibility to go to that percentage, but beyond that point fixed costs increase.

Regarding Item 3, Riley said he does not see what this provision has to do with establishing a marginal cost situation. He questioned the policy rationale for further limiting MTC from bidding for service on geographic grounds alone if they have cleared all the other tests. RTB would not allow a reverse situation. This provision misinterprets the legislative intent and has nothing to do with marginal costs. The competitive transit policy should deal with competition. Item 5 clearly refers to competition and levels the playing field. Item 4 would be necessary in any event, but Item 3 forces MTC to stay inside their statutory service area. Ultimately RTB represents the public's interest and if

MTC can come up with a true low bid, based on legitimate marginal costs, we owe it to the public to take that bid. we can get.

Beard said that under Item 3 the statutory limitations on the fully developed area are a one-way gate. No one else can go in but MTC can come out. Would the taxpayer be served by allowing others into the core area? Riley agreed the statute is a one-way gate policy. It is clear an area is reserved for MTC but the statute does not say MTC is limited to that area. Excluding Item 3, the policy could serve as a model for the rest of the country.

Hunt said she appreciates this process. It is staff's responsibility to present their best view and it is healthy for staff to develop alternatives for the board to accept or reject.

Responding to Hovland's question, Riley said there are a few exceptions that allow other carriers into the fully developed area. MTC still provides 96-percent of the passenger miles in the region. Hovland asked, if Item 3.a. is dropped, whether a situation could develop in which MTC could claim they should be the only provider within a given area. Riley said RTB's policies must conform to statute and we try to keep the competitive balance. Hovland said he does not want to create an unfair situation for either side.

In response to Beard's request for additional background, Kouneski explained the reasons for geographic limits. The Vision contemplates a number of improvements to areas that are exclusive to MTC. Fixed costs in the area will rise and it made sense that MTC concentrate resources in the core area. This is an opportunity to support the Five-Year Transit Plan and send that message. Regarding service outside the core, that is where the best opportunities are for private sector participation. Riley's comments make a lot of sense; however, all that service is not open to competitive bidding and would require a statutory change. Riley said that if a proposed route is significantly more expensive, Items 1.a. and b. will apply, but if they can fairly bid the line and pass the tests in Sections 1 and 2, he cannot understand why they cannot bid.

Higgins said Beard characterized his view very well. MTC is given a monopoly in a large geographic area. If they could go outside that area, the private providers should be able to come in. Item 3 is a leveler. MTC opposes this and wants to bid in opt-out communities, but they do not want someone from the outside to bid against their routes. That is wrong and the geographic limits should be kept in the policy.

Entzel said this is not a new issue. The MTC was the only public provider on the Providers Advisory Committee and it is understandable why they opposed the policy. He explained that MTC was created because the former provider, which was private, dropped many unprofitable lines. Peter McLaughlin, who was an author of the legislation defining the MTC service area, has explained the legislative intent. According to Entzel, RTB is trying to develop a policy that is in conflict with the statute. Higgins said it is well established law that an individual legislator is not a proper person to prove legislative intent, so whatever McLaughlin told Entzel in good faith is only the opinion of one individual out of many. The courts have held for many years that is not the right way to determine intent. Entzel said that when you draft a policy, place it before a board, state your intention and others agree, then your intent carries a lot of weight. Higgins said the courts have found differently.

Regarding Item 2, Sather said at a PAC meeting he asked for an inclusion of clarifying language. The assumption was made that it included only peak vehicles. From the MTC's perspective, he would like the higher end of the Deloitte & Touche range included. A substantial transit funding bill would have a terrific impact on the marginal

cost formulas. The policy should be scheduled for review on a regular basis to ensure that market changes are incorporated. If funding were available and regular route service had 10-minute headways there would be a financial impact and MTC's desire for marginal cost service would be diminished.

Sather said Item 3 appears to be punitive. The driving factor should be service and the cost of service. Those limits would make it impossible to market service beyond the core area. Higgins asked, if cost is the driving force, should private providers be allowed to come into the core area? Sather said they probably should, but in reality, MTC does many things that benefit the private providers in the marketplace. MTC tries to develop greater ridership throughout the system. There are pieces of the service MTC probably should not have; not every route is cost effective. RTB spent a great deal of money on MTC last year for the Comprehensive Operations Analysis and the Deloitte Management Audit. They are working closely with RTB staff to accommodate the riders if service is changed. (Grant was excused to attend another meeting.)

Sather said Item 5 excludes capital costs from the cost of service, but MTC and the private providers should be able to borrow at the same levels. A private provider may have an opportunity to expense one or two vehicles in one year. By federal law MTC can only deduct 1/12 in a given year. A plan should be developed for RTB to acquire the vehicles if a provider, after buying vehicles, does not get a renewal contract. Private providers are not constrained as MTC is in the kind of vehicles they purchase. Higgins said that in the past nearly all contracts have been for less than three years so the providers are unable to amortize costs, which is one of their risks. Riley said that could be handled through the contract. If there is public money we could reserve the right to decide the disposition of the vehicle after five years so public monies could be recouped.

David Ewald spoke on behalf of private providers, but noted that some of them may not support his comments. They are supporting keeping Item 3 as written. The figure of 96-percent of service delivered by MTC shows there is virtually no competition in the Metropolitan Area. This relates to looking at where private providers focus their energy. MTC's focus could change markedly. Regarding the McLaughlin amendment, Ewald said this committee should not allow a Hennepin County commissioner to interpret the law.

Regarding his "swinging gate" comment, Beard noted that the core area lines were drawn because MTC is a tool for social policy, not a business. There was a deliberate public policy decision made that transit would serve a certain number of routes and would need public subsidy. That does not seem to exist in the suburbs. That gate only swings one way. He asked Beverley Miller about the marginally bid MTC service which originates outside the core service area. If MTC could not bid, what would the impact be on Minnesota Valley Transit? Miller responded that if MTC were not in the market place the private providers would potentially be less than competitive knowing they were the only business in town. Higgins asked if she ever had any indication that private providers stayed out because they knew MTC would come in on a marginal cost basis and they could not touch the costs. Miller said she had and they are struggling with how to maintain competition. They understand the capital costs addressed by Item 5 are the factor that keeps others away. Beard asked if retaining Item 5 and eliminating Item 3 would accomplish that. Miller said they could only guess what would happen. Item 3 is not really a "game-breaker" for her service. Higgins asked Miller if she thinks private providers would bid on some routes if they knew MTC could not bid using marginal costs. Miller said the last time MTC bid they spent about six months trying to determine the best basis. The difference in the cost of operations between MTC and the private

providers should make the privates very competitive, but the cost of capital has kept them out.

Hunt asked Sather if he agrees with Riley's position on Item 3. Sather said he agrees that Item 3 is not needed. MTC is focusing its efforts and energies into modifying the service it has now and is not trying to establish new routes into Downtown Minneapolis and St. Paul. MTC's single largest expense is labor, and when you drive the bus driver 20 miles to his first stop and bring him back you increase deadhead miles. There are routes MTC should not be running, but there has to be integrity in the system in the core area. The gate should, in fact, swing both ways but if private providers could "cherry-pick" the best core area routes MTC would be left with a dismantled system serving only the worst routes. There must be a protected service area. Hunt asked if Item 3 gives that kind protection. Riley said the statutes guarantee the protection of the city routes. Higgins said he does not propose the gate be wide open or propose that providers be allowed to "cherry-pick," but if MTC can go outside, the playing field will not be level. Hovland said this body is responsible for spending a lot of money and this is a situation where some protection is provided against unfettered competition. MTC must be kept healthy to run all those routes. We have seen what happened when airline service was deregulated and smaller areas lost service. The same thing happened in the trucking industry. Item 3 is redundant and superfluous.

Riley moved that the Competitive Transit Policy be amended to delete Item 3. The issues raised by Item 3 should not be allowed to die. They should be addressed separately on their merits. The board is charged to protect the consumer's interests. Competition should not be limited by policies which would prevent MTC from bidding outside its core area if it clears the economic tests in Sections 1 and 2. Beard seconded the motion. The motion, as amended, is shown below.

That the Regional Transit Board adopt the following policies:

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3. As part of its annual review of the MTC's budget, the RTB shall audit and approve the MTC's marginal pricing method.
4. The Regional Transit Board and communities that contract for service will exclude vehicle capital costs from consideration in the evaluation of proposals.

The motion carried (Higgins voted "nay" and Grant was not present.) Higgins said he opposed the motion because of the exclusion of Item 3.

There being no other business, Beard moved and Feess seconded that the meeting be adjourned. The motion was unanimously approved and the meeting adjourned at 5:35 p.m.

I hereby certify that the foregoing constitutes a true and accurate record of the Regional Transit Board's Committee of the Whole meeting of June 28, 1993.

Respectfully submitted,

Mary Fitzgerald  
Secretary

Approved by the Regional Transit Board on this 19th day of July 1993.



REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East 5th Street  
St. Paul, Minnesota 55101  
612/292-8789

**Minutes of the Meeting of the  
REGIONAL TRANSIT BOARD  
June 21, 1993**

**MEMBERS PRESENT:** John Riley, Chair; Michael Beard; Sharon Feess; Ruth Franklin; Morgan Grant; Val Higgins; James Hovland; Ruby Hunt; Dennis Schulstad

**OTHERS PRESENT:** Arnie Entzel, Amalgamated Transit Union; James Babcock, Washington County Human Services; Mark Hosier, DARTS; Shereen Shamrach, United Services; Gregory Andrews, Stephanie Eiler, Suzanne Hanson, Judy Hollander, Dave Jacobson, Ed Kouneski, Paul Moline, Dan Murray, Debra Nelles, Len Simich, Dale Ulrich, Kathy Grochowski, Regional Transit Board staff

**CALL TO ORDER AND ROLL CALL**

The chair called the meeting to order at 4:10 p.m. and the secretary called the roll.

**APPROVAL OF AGENDA**

Feess moved and Higgins seconded that the agenda be approved. The motion was unanimously approved.

**APPROVAL OF MINUTES**

Hovland moved and Beard seconded to approve the minutes of the Regional Transit Board and Metropolitan Transit Commission Joint Meeting, June 4, 1993. The motion was unanimously approved.

Hunt moved and Feess seconded to approved the minutes of the Regional Transit Board Meeting, June 7, 1993. The motion was unanimously approved.

**CHAIR'S REPORT**

Riley discussed the new language in the conference committee report from H.F. 1709 regarding the RTB appropriation for FY '94-'95. He said this was designed to stop competitive bidding and freeze out the existing six contracts the RTB holds with providers other than the MTC. In order to comply with the legislation, the RTB would be required to break these contracts by the end of the biennium. The consequence of complying with this language may place the agency or the state into litigation that would be difficult to defend. Riley has no intention of reducing funding to the MTC, and plans to obey the statute to the letter; however, to do this and maintain the current six contracts, he proposed to lower the distribution of property tax receipts to the MTC by \$890,000 and use those funds to serve the six contracts. This would avoid a law suit, he said.

Schulstad questioned whether this complies with the intent of the law as well as the letter of the law, and how would the legislature react to this action by the RTB. Riley said he didn't believe any of the conference committee members, other than the chair, were aware of the change in the language. The consequence of not taking action on this is to terminate the contracts, thus alleviating any competition. Schulstad asked if the private carriers were as responsive as the MTC, and did they deserve the contracts. Riley said yes. Riley said he didn't think the board had to pass anything to night, but that the MTC and the other providers need to know budget figures as soon as possible. Franklin agreed, saying that it was time the board began work on the budget. Beard inquired if this will affect the Opt-Outs. Riley said no. Hunt mentioned how interesting it was that the MTC and Metro Mobility were being treated in the opposite way. Higgins commented that the Legislative Auditor criticized the RTB for not placing more routes out for competitive bidding. He asked whether competitive bidding was in the RTB mandate or in the state statute. Riley said it was in the RTB mandate. Franklin said the RTB was created to make transit more effective and to bid out routes that weren't cost effective. If the RTB eliminates competitive bidding, the suburbs will suffer the most, and since they pay more property taxes and receive less service, it's appropriate to use property tax revenue to help them. Arnie Entzel, Amalgamated Transit Union, stated that it was not the MTC's intention to abolish competitive bidding, but to create a crisis situation to get the attention of legislators in the next legislative session. Riley commented that today's action is neither pro nor anti-MTC, but if there is going to be a debate about competitive bidding, it should be out in the open. At which time, Hovland offered a motion and Higgins seconded:

In order to carry out the intent of Minn. Stat. 473.371, it is herewith resolved that the Regional Transit Board honor all existing contracts with private carriers through state fiscal year 1995 by re-allocation of property tax receipt funds designated for regional transit needs in sufficient amount to meet those existing contractual obligations with said private carriers.

The motion was unanimously approved.

### **MEMBER'S REPORT**

Feess reported that she had attended a meeting at the Success by Six program. She said they are very interested in being considered a constituency group for transit issues in the next legislative session.

Hunt reported that she had attended a post-legislative debriefing meeting of metro area legislators who said that transit will be their highest priority in the next legislative session.

Grant said that he's heard reports that service counters in the MTC stores are not in compliance with ADA, and the RTB should work with them to bring them into compliance.

## EXECUTIVE DIRECTOR'S REPORT

### Trip Assurance Program Recommendation

Dave Jacobson reiterated the providers desire to suspend the Trip Assurance Program. Riley asked what the providers' principle argument was. Jacobson said they feel they have sacrificed quality of service for quantity of rides. Grant said that he supports suspension of the program because it's draining the system. Higgins reminded the members that TAAC also supports suspension of the program. Riley asked if any providers were present, and if so, did they want to testify for or against the program. Jim Babcock testifying for Washington County Human Services said that service quality has declined. Also, he feels the trip denial numbers are only the tip of the iceberg, that there has probably been many more denials than the numbers show. Beard asked Babcock if he would like to see the program suspended. Babcock replied yes. Riley asked if the program was suspended would we go back to seeing 3,500 trip denials again. Babcock said I doubt it, but that he wasn't sure. Riley asked if Washington County Human Services had made any money off the additional rides, and is there anything that the board could do in the next 90 days to make the Trip Assurance Program more workable. Babcock said they've made a little money, but it's been hard work. And the only way to make Trip Assurance more workable is to follow the ADA regulations as opposed to strictly following the Trip Assurance regulations. Beard, summing up the program said, we've taken adequate service from most riders and forced mediocre service on most to help a few--I would like to suspend the program. At which time, Grant moved and Hunt seconded:

That the Regional Transit Board suspend the Trip Assurance Program until the restructuring scheduled for October 1, 1993.

### Three-Wheeler Scooter Policy

Beard moved and Higgins seconded:

That the Regional Transit Board direct staff to conduct research and report its findings as it relates to the Americans with Disabilities Act and liability transporting three-wheel scooters.

The motion was unanimously approved.

## REPORT OF THE COMMITTEE OF THE WHOLE

### April 1993 Financial Statements

Franklin moved and Hovland seconded:

That the Regional Transit Board receive the April 1993 financial statements and that they be placed on file.

The motion was unanimously approved.

**St. Paul Cultural Area Trolley Funding Proposal**

Franklin moved and Higgins seconded:

That the Regional Transit Board authorize the executive director to enter into a funding agreement with the Saint Paul Area Chamber of Commerce and the City of St. Paul to provide capital funding for the Saint Paul Cultural Area Trolley proposal, in an amount not to exceed \$360,000. Authorization of capital funds is contingent upon the City and the Chamber demonstrating the ability to provide operating funding for the first eighteen months of service.

motion was unanimously approved.

**Downtown Minneapolis TMO Contract Amendment**

Franklin moved and Hovland seconded:

That the Regional Transit Board approve providing \$15,000 to the Minneapolis Downtown TMO for continued operations until federal funding is secured. In addition, the Regional Transit Board approve the following contract amendments:

- 1) Amend the existing contract with Mn/DOT to allow Mn/DOT to provide \$30,000 in funding for the RTB to pass through to the Downtown Minneapolis TMO.
2. Amend the existing contract with the City of Minneapolis to provide a total of \$45,000 (\$30,000 Mn/DOT and \$15,000 RTB funds) for TMO operations.

Future funding is conditional upon the development of an evaluation tool to measure the effectiveness of the TMO activities.

The motion was unanimously approved.

**1992 RTB Audit**

Franklin moved and Hunt seconded:

That the Regional Transit Board accept the draft reports of the 1992 agency audit.

The motion was unanimously approved.

**1993 Travel Demand Management Contract**

Franklin moved and Hovland seconded:

That the Regional Transit Board authorize its executive director to enter into a contract for calendar year 1993 with the Metropolitan Transit Commission to provide rideshare services through Minnesota Rideshare in an amount not to exceed \$599,928.

The motion was unanimously approved.

**North Suburban Lines 1993 Contract Amendment**

Franklin moved and Hunt seconded:

That the Regional Transit Board authorize its executive director to amend the North Suburban Lines 1993 Contract (Contract No. 91/08/05-08) by \$65,789 to an amount not to exceed \$827,818.

The motion was unanimously approved.

**Route 55 Two-Month Contract Extension with MTC**

Franklin moved and Higgins seconded:

That the Regional Transit Board authorize its executive director to amend the Route 55 contract (Contract No. 92/20/04-14) with the Metropolitan Transit Commission by \$119,640 to a maximum of \$834,949 for the period of April 1, 1992 through July 31, 1993.

The motion was unanimously approved.

**Amendment to Metropolitan Council's Transportation Development Guide/Policy Plan**

Franklin moved and Grant seconded:

That the Regional Transit Board approve the comments on the Metropolitan Council's Transportation Development Guide/Policy Plan and forward them to the Metropolitan Council.

The motion was unanimously approved.

**Metropolitan Transit Education Plan**

Franklin moved and Grant seconded:

That the Regional Transit Board authorize the executive director to enter into a contract for the period of July 1, 1993 through September 15, 1994 with the Metropolitan Transit Commission, the Metropolitan Council, the Minnesota Department of Transportation, the Hennepin County Regional Railroad Authority, the Ramsey County Regional Railroad Authority, and the LRT Joint Powers Board for the amount of \$40,000.00 as the Regional Transit Board's contribution to the implementation of the Metropolitan Transit Education Plan.

The motion was unanimously approved.

**OTHER BUSINESS**

Hunt requested an LRT update at the next meeting. Riley said yes, that he would see what he could do about an LRT update in the near future.

There being no further business, Riley moved and Grant seconded to adjourn the meeting. The motion was unanimously approved; the meeting was adjourned at 6:15 p.m.

I hereby certify that the following constitutes a true and accurate record of the Regional Transit Board's meeting of June 21, 1993.

Respectfully submitted,

Kathy Grochowski  
Acting Secretary

Approved by the Regional Transit Board this 19th day of July, 1993.



REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
229-2700

## REPORT OF THE COMMITTEE OF THE WHOLE

At its meeting of July 12, 1993, the committee approved the following recommendations:

### FINANCIAL STATEMENTS-MAY 1993

That the Regional Transit Board receive the May 1993 unaudited financial statements and direct that they be placed on file.

### 1993 REGIONAL TRANSIT BOARD BUDGET AMENDMENT

That the Regional Transit Board amend the 1993 budget, adopted December 1992, recognizing the following:

Beginning Fund Balance	\$4,847,919
Total Revenues of	\$97,188,475
Total Expenditures	\$94,511,449
Ending Total Fund Balance	\$7,524,945

### SCHEDULE PUBLIC HEARING ON PROPOSED 1994 REGIONAL TRANSIT BOARD BUDGET

That the Regional Transit Board approve the 1994 proposed budget, dated July 6, 1993, for the purpose of holding a public hearing at 5:00 p.m. on Monday, August 9, 1993, in Mears Park Centre, 230 East 5th Street, St. Paul, Minnesota 55101.

### RESOLUTION LEVYING PRELIMINARY AD VALOREM PROPERTY TAXES FOR 1993, PAYABLE 1994, RESOLUTION NO. 93-06

That the Regional Transit Board adopt Resolution No. 93-06, "Resolution Certifying Preliminary Ad Valorem Property Taxes for 1993, Payable 1994."

### STATE FAIR DISPLAY, VENDOR SELECTION

That the Regional Transit Board authorize the executive director to enter into a \$35,000 contract with Design Stages to create and construct a 10-by-20 foot display to be completed and set up at the 1993 State Fair by August 25, 1993. This contract will be entered into by the Regional Transit Board on behalf of the Metropolitan Transit Education Committee and funds will be disbursed from the Metropolitan Transit Education Committee's account.

**METROPOLITAN TRANSIT COMMISSION STATE FAIR SHUTTLE**

That the Regional Transit Board approve fares for the State Fair express service at \$2 for adults and seniors, \$1 for youth ages six to 12 years old, and free for children under 5 years old.

**1993 MTC BUDGET AMENDMENT FOR PURCHASE OF ELECTRONIC REGISTERING FAREBOXES FOR NON-MTC PROVIDERS**

That the Regional Transit Board amend the 1993 MTC capital budget, increasing it by \$600,000, from \$52,548,904 to \$53,148,904, for the purchase of electronic fareboxes and supporting equipment. The equipment will be leased to non-MTC providers of regular route service.

The board further directs MTC to amend its 1993 capital budget to reflect the board's action.

The next meeting of the committee will be August 9, 1993 at 4:00 p.m., followed by the public hearing on the budget at 5:00 p.m.

**Ruth Franklin, Chair  
Administration and Finance Committee**

mff  
713/93

**REGIONAL TRANSIT BOARD**

**MEARS PARK CENTRE  
230 EAST FIFTH STREET, ST. PAUL, MINNESOTA 55101  
292-8789**

DATE: June 23, 1993  
TO: Chair and Members of the Administration and Finance Committee  
FROM: Gerri Sutton, Accountant *JS*  
SUBJECT: Financial Statements -May 1993

**SUMMARY**

The Administration and Finance Committee is asked to review the May 1993, financial statements. These financial statements have been prepared on the modified accrual basis and in accordance with generally accepted accounting principles.

**DISCUSSION**

The total ending fund balance is down \$134,000 from the close of April 1993. The negative variance in MTC Regular Route expenditures increased to \$1.9 million, up \$460,000 since April 1993.

For a second consecutive month, the Metro Mobility fund balance shows little change, ending at \$499,000.

**RECOMMENDATIONS**

That the Regional Transit Board receive the May 1993, financial statements and direct that they be placed on file.

Attachment  
GS/me

REGIONAL TRANSIT BOARD  
FINANCIAL STATEMENTS  
Ending May, 1993

Balance Sheet.....	Page 1
Combined Statement of Revenues, Expenditures and Fund Balance.....	Page 2
Special Revenue Funds.....	Page 3
Program Status Report and Comments.....	Page 4
Transit Provider Status Report.....	Pages 5&6
Investment Summary by Fund.....	Page 7
Schedule of Bond Receipt and Disbursement.....	Page 8

**REGIONAL TRANSIT BOARD  
COMBINED BALANCE SHEET - ALL FUND TYPES and ACCOUNT GROUPS  
AS OF MAY 31, 1993**

	GENERAL FUND	SPECIAL REV FUNDS	AGENCY FUND	FIXED ASSETS	TOTAL ALL FUNDS	MAY 1992 ALL FUNDS	CHANGE
<b>ASSETS</b>							
CASH	\$182,577	\$0	\$78,681		\$261,258	\$994,261	(\$733,003)
INVESTMENTS	\$2,272,668	\$0	\$2,832,642		\$5,105,309	\$5,167,875	(\$62,565)
TAXES RECEIVABLE	\$0	\$68,181,381	\$11,275,986		\$79,457,367	\$77,421,605	\$2,035,762
ACCRUED INTEREST RECEIVABLE	\$2,141	\$0	\$0		\$2,141	\$1,023	\$1,117
DUE FROM OTHER FUNDS	\$1,773,450	\$0	\$0		\$1,773,450	\$165,735	\$1,607,715
DUE FROM OTHER GOVERNMENTAL UNITS	\$0	\$0	\$0		\$0	\$0	\$0
STATE OF MINNESOTA RECEIVABLE	\$1,240,700	\$12,276,050	\$0		\$13,516,750	\$14,194,000	(\$677,250)
FEDERAL GOVERNMENT RECEIVABLE	\$58,573	\$592,781	\$0		\$651,354	\$172,706	\$478,648
OTHER ASSETS	\$16,391	\$1,032,204	\$394,208	\$575,782	\$2,018,585	\$2,170,625	(\$152,041)
<b>TOTAL ASSETS</b>	<b>\$5,546,499</b>	<b>\$82,082,416</b>	<b>\$14,581,517</b>	<b>\$575,782</b>	<b>\$102,786,214</b>	<b>\$100,287,830</b>	<b>\$2,498,384</b>
<b>LIABILITIES</b>							
ACCOUNTS PAYABLE	\$122,524	\$500			\$123,024	\$129,697	(\$6,674)
ACCRUED PAYROLL LIABILITIES	\$145,173	\$3,388			\$148,562	\$106,728	\$41,834
DUE TO OTHER GOVERNMENTAL UNITS	\$106,042	\$0	\$9,365,008		\$9,471,049	\$9,375,790	\$95,259
MTC PAYABLE	\$0	\$20,680,500	\$1,989,660		\$22,670,160	\$22,778,565	(\$108,406)
TRANSIT PROVIDERS PAYABLE	\$0	\$3,256,826	\$2,832,642		\$6,089,468	\$6,669,962	(\$580,495)
DUE TO OTHER FUNDS	\$0	\$1,773,450	\$0		\$1,773,450	\$165,735	\$1,607,715
DEFERRED REVENUE	\$1,485,575	\$55,626,239			\$57,111,814	\$55,694,734	\$1,417,080
OTHER LIABILITIES	\$11,900				\$11,900	\$11,900	\$0
DEFERRED COMP HELD			\$394,208		\$394,208	\$319,630	\$74,578
<b>TOTAL LIABILITIES</b>	<b>\$1,871,214</b>	<b>\$81,340,903</b>	<b>\$14,581,517</b>	<b>\$0</b>	<b>\$97,793,634</b>	<b>\$95,252,742</b>	<b>\$2,540,892</b>
<b>FUND EQUITY</b>							
INVESTMENTS IN FIXED ASSETS RESERVED / DESIGNATED	\$1,131,041		\$0	\$575,782	\$575,782	\$568,602	\$7,180
UNRESERVED / UNDESIGNATED	\$2,544,244	\$741,513	\$0	\$0	\$3,285,757	\$2,545,145	\$740,612
<b>TOTAL FUND EQUITY</b>	<b>\$3,675,285</b>	<b>\$741,513</b>	<b>\$0</b>	<b>\$575,782</b>	<b>\$4,992,580</b>	<b>\$5,035,087</b>	<b>(\$42,507)</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$5,546,499</b>	<b>\$82,082,417</b>	<b>\$14,581,517</b>	<b>\$575,782</b>	<b>\$102,786,214</b>	<b>\$100,287,829</b>	<b>\$2,498,385</b>

**REGIONAL TRANSIT BOARD**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE—**  
**GENERAL AND SPECIAL REVENUE FUND TYPES—FOR FIVE MONTHS ENDED MAY 31, 1993**

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL ALL FUNDS	TOTAL BUDGET ALL FUNDS	ACTUAL BUDGET VARIANCE FAV/(UNFAV)
BEGINNING FUND BALANCE	\$2,975,973	\$1,871,946	\$4,847,919	\$3,518,627	\$1,329,292
<b>REVENUE</b>					
PROPERTY TAX		\$26,900,723	\$26,900,723	\$26,784,448	\$116,275
STATE APPROPRIATIONS	\$1,061,125	\$9,960,440	\$11,021,565	\$11,021,563	\$3
FEDERAL GRANTS	\$236,330	\$654,165	\$890,495	\$786,167	\$104,328
INTEREST	\$147,873	\$0	\$147,873	\$232,500	(\$84,627)
AGENCY REIMBURSEMENT	\$0	\$214,939	\$214,939	\$250,000	(\$35,061)
MISCELLANEOUS	\$109	\$0	\$109	\$0	\$109
<b>TOTAL REVENUE</b>	<b>\$1,445,437</b>	<b>\$37,730,267</b>	<b>\$39,175,704</b>	<b>\$39,074,677</b>	<b>\$101,026</b>
<b>EXPENDITURES</b>					
SALARIES & BENEFITS	\$655,791	\$27,233	\$683,025	\$738,942	\$55,917
MEMBER PER DIEMS	\$10,300		\$10,300	\$16,667	\$6,367
CONSULTING	\$53,800	\$0	\$53,800	\$110,417	\$56,617
LEGAL FEES	\$16,877		\$16,877	\$54,167	\$37,290
PROFESSIONAL SERVICES	\$23,273	\$259,067	\$282,340	\$586,979	\$304,639
MET COUNCIL CHARGEBACKS	\$78,165		\$78,165	\$78,167	\$2
LOCAL TRAVEL	\$11,293	\$281	\$11,574	\$21,271	\$9,696
NON-LOCAL TRAVEL	\$6,122	\$0	\$6,122	\$19,583	\$13,462
MATERIALS & SUPPLIES	\$10,962	\$197	\$11,159	\$16,063	\$4,903
OCCUPANCY/TELEPHONE	\$84,830		\$84,830	\$90,119	\$5,289
PUBLIC COMMUNICATIONS	\$26,217	\$42	\$26,258	\$69,125	\$42,867
EQUIP RENTAL/MAINTENANCE	\$9,407	\$0	\$9,407	\$14,417	\$5,010
INSURANCE	\$3,679		\$3,679	\$26,750	\$23,071
CAPITAL EXPENDITURES	\$9,846	\$0	\$9,846	\$4,167	(\$5,679)
EMPLOYEE RECRUITMENT/DEVELOPMENT	\$9,960	\$80	\$10,040	\$11,042	\$1,002
TRANSIT PROGRAMS/GRANTS	\$1,292	\$38,308,111	\$38,309,403	\$37,341,168	(\$968,235)
<b>TOTAL EXPENDITURES</b>	<b>\$1,011,815</b>	<b>\$38,595,010</b>	<b>\$39,606,825</b>	<b>\$39,199,040</b>	<b>(\$407,784)</b>
EXCESS/(DEFICIENCY) REV OVER EXP	\$433,622	(\$864,743)	(\$431,121)	(\$124,363)	(\$306,758)
<b>FUND BALANCE</b>					
TRANSFERS					
BOARD AUTHORIZATIONS	\$0	\$0	\$0	\$0	\$0
COST ALLOCATIONS	\$265,690	(\$265,690)	(\$0)	\$0	\$0
NET TRANSFERS	\$265,690	(\$265,690)	(\$0)	\$0	\$0
<b>ENDING FUND BALANCE</b>	<b>\$3,675,285</b>	<b>\$741,513</b>	<b>\$4,416,798</b>	<b>\$3,394,264</b>	<b>\$1,022,534</b>

**REGIONAL TRANSIT BOARD**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**ALL SPECIAL REVENUE FUNDS - FOR THE FIVE MONTHS ENDED MAY 31, 1993**

	REGULAR ROUTE 012	METRO MOBILITY 013	OPT OUT 014	RURAL SM/URB 015	LRT 016	TOTAL SPECIAL FUNDS	BUDGET SPECIAL FUNDS	ACT/BUDG VARIANCE FAV/(UNFAV)
BEGINNING FUND BALANCE	1,116,237	156,574	0	387,976	211,159	1,871,946	1,237,320	634,626
<b>REVENUE</b>								
PROPERTY TAX	23,387,153	0	3,277,780	235,790		26,900,723	26,784,448	116,275
STATE APPROPRIATIONS	4,267,250	5,146,375	0	546,815	0	9,960,440	9,960,438	3
FEDERAL GRANTS	237,500				416,665	654,165	654,167	(2)
INTEREST	0	0	0	0	0	0	0	0
AGENCY REIMBURSEMENT		214,939		0		214,939	250,000	(35,061)
MISCELLANEOUS	0	0	0	0	0	0	0	0
TOTAL REVENUE	27,891,903	5,361,314	3,277,780	782,605	416,665	37,730,267	37,649,052	81,214
<b>EXPENDITURES</b>								
MTC OPERATING SUBSIDY	28,325,345					28,325,345	26,414,760	(1,910,585)
MTC RIDESHARE	200,833					200,833	256,220	55,387
MTC JOBSEEKERS	158,660					158,660	179,442	20,782
MTC MMAC		247,944				247,944	314,012	66,068
NON-MTC FIXED ROUTE	1,120,267					1,120,267	1,243,811	123,544
OPT OUT			2,695,093			2,695,093	2,853,177	158,085
RURAL SYSTEMS				646,623		646,623	617,023	(29,600)
SMALL URBAN				160,938		160,938	172,027	11,089
METRO MOBILITY PROVIDERS		4,771,381				4,771,381	5,082,363	310,982
LIGHT RAIL TRANSIT					286,899	286,899	446,538	159,638
OTHER	(18,973)					(18,973)	0	18,973
PROVIDER CAPITAL EXP	0	0	0	0	0	0	0	0
TRANSIT PROGRAMS/GRANTS	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	29,786,132	5,019,325	2,695,093	807,561	286,899	38,595,010	37,579,372	(1,015,638)
EXCESS/(DEFICIENCY) REVENUE OVER EXPENDITURE	(1,894,229)	341,989	582,687	(24,957)	129,766	(864,743)	69,680	(934,424)
<b>FUND BALANCE</b>								
TRANSFERS								
BOARD AUTHORIZATIONS	0	0	0	0	0	0	0	0
COST ALLOCATION	(79,336)	0	(57,821)	(107,117)	(21,415)	(265,690)	(265,690)	(0)
NET TRANSFERS	(79,336)	0	(57,821)	(107,117)	(21,415)	(265,690)	(265,690)	(0)
ENDING FUND BALANCE	(857,328)	498,563	524,866	255,902	319,510	741,513	1,041,311	(299,797)

**REGIONAL TRANSIT BOARD  
PROGRAM STATUS REPORT MAY 1993  
41.67% OF FISCAL YEAR**

#	PROGRAM	ORIGINAL BUDGET	EXPENSE THRU PERIOD END DATE	UNEXPENDED BUDGET	EXPENSE AS % OF BUDGET
93-01	RTB Chair's Office	\$344,880	\$105,002	\$239,878	30.45%
93-02	Executive Director's Office	\$246,820	\$72,581	\$174,239	29.41%
93-03	Programs/Planning Admin	\$170,976	\$64,916	\$106,060	37.97%
93-04	Transportation Planning Process	\$124,298	\$48,775	\$75,523	39.24%
93-10	Elderly and Disabled	\$254,161	\$64,092	\$190,069	25.22%
93-11	Rideshare Planning	\$291,743	\$29,510	\$262,233	10.11%
93-13	Transit System Planning & Impl.	\$323,590	\$102,340	\$221,250	31.63%
93-14	Transit Programs and Admin.	\$89,469,388	\$38,388,259	\$51,081,129	42.91%
93-15	Administrative Services	\$517,349	\$168,056	\$349,293	32.48%
93-16	Financial Management	\$244,988	\$106,850	\$138,138	43.61%
93-17	Personnel Administration	\$63,772	\$24,605	\$39,167	38.58%
93-19	Public Information	\$294,883	\$92,466	\$202,417	31.36%
93-22	Competitive Transit Services	\$0	\$2,454	(\$2,454)	0.00%
93-23	Light Rail Transit	\$1,071,690	\$286,899	\$784,791	26.77%
93-26	Transit Test Mktg of New Serv.	\$591,523	\$20,078	\$571,445	3.39%
93-27	Community Relations	\$57,636	\$23,015	\$34,621	39.93%
93-XX		\$0	\$0	\$0	0.00%
	Sub-Total	\$94,067,697	\$39,599,897	\$54,467,800	42.10%
93-20	Capital Expenditure Program	\$10,000	\$9,846	\$154	98.46%
	Total Programs and Capital Expenditures	\$94,077,697	\$39,609,743	\$54,467,954	42.10%

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF EXPENDITURES**  
as of May 31, 1993  
41.67% of Year

	1993 Contract	1993 Budget	5 months Expense	Unexpended Budget	Expense % Of Budget
<b>REGULAR ROUTE</b>					
North Suburban	762,029	762,029	331,051	430,978	43.44%
U Of M – Route #52	483,000	483,000	274,305	208,695	56.79%
Valley Transit	110,117	110,117	43,846	66,271	39.82%
Roseville Circulator	580,000	580,000	237,838	342,162	41.01%
Be Line	430,000	430,000	233,227	196,773	54.24%
Regular Route Expense	2,365,146	2,365,146	1,120,267	1,244,879	47.37%
North Suburban–Audit Adj.			(16,055)		
Valley Transit–Audit Adj.			(2,918)		
Adj. Regular Route Expense	2,365,146	2,365,146	1,101,294	1,244,879	46.56%
MTC–Western Suburbs	620,000	620,000	246,294	373,706	39.72%
MTC–Rideshare–Local	0	0	0	0	ERR
MTC–Rideshare–ISTEA	614,928	614,928	200,833	414,095	32.66%
MTC–Jobseekers	430,660	430,660	158,660	272,000	36.84%
RTB–Jobseekers	0	0	0	0	ERR
MTC–Regular Route	63,395,424	63,395,424	28,079,050	35,316,374	44.29%
MTC–Regular Route Expense	65,061,012	65,061,012	28,684,838	36,376,174	44.09%
Total Regular Route Expense	67,426,158	67,426,158	29,786,132	37,621,053	44.18%
<b>METRO MOBILITY</b>					
National	2,215,061	2,215,061	269,289	1,945,772	12.16%
Yellow Taxi	1,698,594	1,698,594	655,844	1,042,750	38.61%
Wilder	405,521	405,521	203,185	202,336	50.10%
United Services	686,729	686,729	80,247	606,482	11.69%
Metro Ride	931,160	931,160	692,395	238,765	74.36%
H.T.S.	309,660	309,660	77,939	231,721	25.17%
H.S.I.	177,708	177,708	82,677	95,031	46.52%
Handicabs	2,494,289	2,494,289	1,265,726	1,228,563	50.74%
Ebenezer	1,915,142	1,915,142	744,221	1,170,921	38.86%
Diamond Cab	545,800	545,800	220,318	325,483	40.37%
DARTS	458,177	458,177	199,658	258,519	43.58%
City Wide	359,831	359,831	183,333	176,498	50.95%
Contemporary Transportation	0	0	44,210	(44,210)	ERR
Metropolitan Area Transit	0	0	12,359	(12,359)	ERR
Safe Ride	0	0	6,370	(6,370)	ERR
Triad Transportation	0	0	5,450	(5,450)	ERR
Comfort Bus	0	0	19,606	(19,606)	ERR
Blue & White Cab	0	0	1,392	(1,392)	ERR
Fox Four	0	0	4,619	(4,619)	ERR
Special Kare	0	0	2,543	(2,543)	ERR
Metro Mobility Expense	12,197,672	12,197,672	4,771,381	7,426,291	39.12%
MTC–MMAC	753,628	753,628	247,944	505,684	32.90%
Total Metro Mobility Expense	12,951,300	12,951,300	5,019,325	7,931,975	38.76%

**SPECIAL REVENUE FUNDS  
SCHEDULE OF EXPENDITURES  
as of May 31, 1993  
41.67% of Year**

	1993 Contract	1993 Budget	5 months Expense	Unexpended Budget	Expense % Of Budget
<b>OPT-OUT</b>					
City Of Plymouth	1,348,763	1,348,763	458,334	890,429	33.98%
City Of Shakopee	248,712	248,712	93,342	155,370	37.53%
Southwest Metro	1,474,226	1,474,226	661,164	813,062	44.85%
Mn Valley Transit	3,202,402	3,202,402	1,202,474	1,999,928	37.55%
Maple Grove	573,522	573,522	278,015	295,507	48.47%
<b>Opt Out Expense</b>	<b>6,847,625</b>	<b>6,847,625</b>	<b>2,693,328</b>	<b>4,154,297</b>	<b>39.33%</b>
MN Valley Transit—Prior Yr Adj.			(15,293)		
Shakopee—Prior Yr Adj.			17,058		
<b>Adj. Opt Out Expense</b>	<b>6,847,625</b>	<b>6,847,625</b>	<b>2,695,093</b>	<b>4,154,297</b>	<b>39.36%</b>
<b>SMALL URBAN</b>					
Columbia Heights	83,000	83,000	37,764	45,236	45.50%
Hastings	82,172	82,172	31,998	50,174	38.94%
Hopkins	34,752	34,752	11,748	23,004	33.81%
NEST	111,434	111,434	40,210	71,224	36.08%
STEP	10,880	10,880	4,401	6,479	40.45%
White Bear	90,626	90,626	34,816	55,810	38.42%
<b>Small Urban Expense</b>	<b>412,864</b>	<b>412,864</b>	<b>160,938</b>	<b>251,926</b>	<b>38.98%</b>
<b>RURAL</b>					
Westonka	31,715	31,715	18,513	13,202	58.37%
Senior Transport.	27,217	24,179	11,549	12,630	47.76%
Senior Community	48,520	48,521	20,215	28,306	41.66%
Scott County	119,519	119,519	48,293	71,226	40.41%
H.S.I.	227,047	227,047	105,482	121,565	46.46%
DARTS	393,912	393,912	170,360	223,552	43.25%
Carver County	124,332	124,332	53,385	70,947	42.94%
Anoka County Volunteer	23,500	23,500	9,790	13,710	41.66%
Anoka County Linwood	15,796	15,796	5,862	9,934	37.11%
Anoka County Traveler	444,824	444,824	191,478	253,346	43.05%
Lakeville	27,510	27,510	11,696	15,814	42.52%
<b>Rural Expense</b>	<b>1,483,892</b>	<b>1,480,855</b>	<b>646,623</b>	<b>834,232</b>	<b>43.67%</b>
<b>Total Rural/Small Urban Exp.</b>	<b>1,896,756</b>	<b>1,893,719</b>	<b>807,561</b>	<b>1,086,158</b>	<b>42.64%</b>
<b>NON-PROVIDER EXPENDITURES</b>		0	0	0	ERR
<b>LIGHT RAIL TRANSIT</b>		1,071,690	286,899	784,791	26.77%
<b>Grand Total</b>	<b>89,121,839</b>	<b>90,190,492</b>	<b>38,595,010</b>	<b>51,578,273</b>	<b>42.79%</b>

**REGIONAL TRANSIT BOARD  
INVESTMENT SUMMARY BY FUND  
FOR MONTH ENDED May 1993**

PURCHASE DATE	MATURITY DATE	DESCRIPTION	PURCHASE PRICE	BROKER	YIELD
<b>GENERAL FUND-</b>					
		Beginning balance	\$10,286,858		
		sold	(\$10,286,858)		
3-May-93	24-May-93	CP- Kern River	\$998,174	Dain Bosworth	3.136
	24-May-93	sold	(\$998,174)		
17-May-93	1-Jun-93	CP- Univ. Support Systems	\$1,348,284	Smith Barney	3.054
24-May-93	1-Jun-93	CP- Kern River	\$924,383	Dain Bosworth	3.002
<b>TOTAL OUTSTANDING</b>			<b>\$2,272,667</b>		

<b>BOND ISSUE # 1</b>		Beginning balance	\$589,844		
		sold	(\$589,844)		
3-May-93	10-May-93	Repurchase Agreement	\$590,544	Smith Barney	3.050
	10-May-93	sold	(\$590,544)		
10-May-93	17-May-93	Repurchase Agreement	\$590,894	Smith Barney	3.000
	17-May-93	sold	(\$590,894)		
17-May-93	1-Jun-93	Repurchase Agreement	\$590,435	Smith Barney	3.050
		Balance	\$590,435		

<b>BOND ISSUE # 2</b>		Beginning Balance	\$2,239,724		
		sold	(\$2,239,724)		
3-May-93	1-Jun-93	Repurchase Agreement	\$2,242,207	First Bank St. Paul	2.900
		Balance	\$2,242,207		

**REGIONAL TRANSIT BOARD  
SCHEDULE OF BOND RECEIPTS AND DISBURSEMENTS  
AS OF MAY 31, 1993**

	TOTAL CAPITAL BOND	TOTAL BUDGET CAPITAL BOND	ACTUAL/BUDGET VARIANCE FAV/(UNFAV)
BEGINNING BALANCE	\$2,944,716	\$2,944,716	\$0
<b>RECEIPTS</b>			
BOND ISSUES	\$0	\$7,000,000	(\$7,000,000)
INTEREST	\$32,303	\$0	\$32,303
<b>TOTAL RECEIPTS</b>	<u>\$32,303</u>	<u>\$7,000,000</u>	<u>(\$6,967,697)</u>
<b>DISBURSEMENTS</b>			
CAPITAL EXPENDITURES	\$144,378	\$3,244,000	\$3,099,622
MISCELLANEOUS	\$0	\$0	\$0
<b>TOTAL DISBURSEMENTS</b>	<u>\$144,378</u>	<u>\$3,244,000</u>	<u>\$3,099,622</u>
EXCESS/(DEFIC) RECEIPTS OVER DISBURSEMENTS	(\$112,075)	\$3,756,000	(\$3,868,075)
<b>OTHER DISBURSEMENTS</b>			
STATUTORY AUTHORIZATIONS			
COST ALLOCATIONS			
<b>NET OTHER DISBURSEMENTS</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>ENDING BALANCE</b>	<u><u>\$2,832,641</u></u>	<u><u>\$6,700,716</u></u>	<u><u>(\$3,868,075)</u></u>

**DISBURSEMENT DETAIL**

<b>ISSUE #1 -</b>		<b>ISSUE #2 -</b>	
Human Services	\$36.40	Southwest Metro	\$57,725.40
Human Services	\$1,403.77	Southwest Metro	\$6,012
City of Roseville	\$5,076.80	Metropolitan Council	\$68,965
Mall of America	\$3,332.00		
City of Roseville	\$225.04		
Mall of America	\$379.62		
Harmon Glass	\$418.15		
Mall of America	\$804		
			<u>\$132,702</u>
		<b>TOTAL</b>	<u><u>\$144,378</u></u>

\$11,675.78

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
612/292-8789

**DATE:** July 2, 1993

**TO:** Chair and Members of the Committee of the Whole (Administration and Finance)

**FROM:** Dale Ulrich, Comptroller

**SUBJECT:** Proposed 1994 RTB Budget

### SUMMARY

A preliminary 1994 RTB budget must be adopted by the Board in July in order to be available for a statutorily required public hearing on or before August 15. The Committee of the Whole (Administration & Finance) will be asked to adopt the Proposed 1994 Budget at its regular meeting on July 12. Board ratification is scheduled for consideration on July 19, and the public hearing will be held in conjunction with the August 9 regular Committee of the Whole (Administration & Finance) meeting.

### DISCUSSION

The Proposed Budget format presented here is an outline of the full budget document, but is complete in its accounting for available resources and proposed expenditures. The document has been prepared by staff; detailed Board review and modifications of the proposed budget will occur after the public hearing is completed, with adoption of the final 1994 Budget document necessary by the December 15 deadline set by law.

Budgeting for 1994 presents a challenge as a result of the decision of the 1993 Legislature to fund Fiscal Year '94 (half of which falls in calendar '94) at a level higher than Fiscal Year '95 (the second half of calendar '94). While the expectation is that the Legislature will supplement the F.Y. '95 appropriations with additional resources, perhaps even a new tax source, in its 1994 Session, the reality is that resources, after adjustment for basic inflation, are again fairly flat, like the previous several years. This is true even though there is some fund balance, expected to be carried over from 1993 and available to supplement 1994.

(RTB overall fund balance was \$13.6 million at the end of 1989, \$5.5 million at end of 1990, \$3.0 million at the end of 1991, and \$4.8 million at 12/31/92; the rebound in 1992 included the \$1.5 million appropriated by the 1992 Legislature to ease the deficit in the Metro Mobility fund. The Board adopted in 1992 a fund balance policy for the RTB which calls for a \$5.0 million minimum (all funds, financial assets only) budget target.)

**Proposed 1994 RTB Budget**  
**July 2, 1993**  
**Page 2**

The 1994 RTB budget outlined in the accompanying pages represents the combination of what is currently known about resources which are expected to be available for 1994, and expenditures at levels of either the same dollars as for 1993, adjustments already agreed to by Board action for 1994, or modified per the recommendations of RTB managers.

**Resources**

Property taxes are expected to increase 2.5 percent, as indicated in the preliminary levy which is also being recommended for action on the July 12 agenda.

\$400,000 of the transit district operating levy has been allocated to the Small Urban Fund to fund community based programs operating within the district.

Property taxes are shown at 98 percent of actual levy (as in the previous year) to allow for collection, abatement experience.

The allocation of the district operating levy between Regular Route and Opt-Out funds is based on actual pay-1992 levy amounts, increased for general growth in the subsequent total levies for pay-93 and pay-94. Actual allocation levels are expected to be reported by the State Department of Revenue in August, and that allocation will be used for 1993 and 1994 budgeting. Based on prior year experience, the actual figures could require a shift of \$1,000,000, or more, to the Opt-Out Fund from the Regular Route Fund in each of the two years.

State appropriations are shown as appropriated by the 1993 Legislature and allocated by fund when so directed. The appropriation for the Agency and community based programs was combined, and has been allocated by staff in a ratio comparable to the previous biennium.

Federal funds are shown at 1993 levels.

Interest and Agency reimbursement is estimated based on current experience.

**Expenditures**

Non-MTC regular route programs shown at levels of 1994 contracts.

MTC funding levels set per availability of funding; Regular Route fund balance indicated probably will be required to be shifted to Opt-Out Fund (see note under "Revenues" above.)

Opt Out subsidy at 1993 levels plus 2 percent.

Metro Mobility expenditures estimated by program staff.

Community-based programs in Rural/Small Urban Fund at 1993 levels.

**Proposed 1994 RTB Budget**  
**July 2, 1993**  
**Page 3**

New service funding in General Fund represents the last of the Legislatively designated (1988) funding for that purpose.

Manager-recommended changes are shown for staff, consultants and professional services, Met Council chargebacks, Public Information and general Agency expenses-- rent, supplies, travel, etc. The 1994 salary, benefits budget is 1.6 percent above the 1993 level, including the one additional staff position budgeted for 1994.

**RECOMMENDATION**

That the Regional Transit Board approve the 1994 Proposed Budget for the purpose of holding a public hearing at 5:00 p.m. on Monday, August 9, 1993, at Mears Park Centre.

DU:jmo

**REGIONAL TRANSIT BOARD  
1994 SOURCES and USES  
BY EXPENSE ITEM**

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL ALL FUNDS
<b>Beginning Fund Balance January 1, 1994</b>	\$2,955,223	\$4,569,722	\$7,524,945
<b>REVENUE</b>			
Property Tax		\$65,954,299	\$65,954,299
State Appropriations	\$2,055,000	\$28,286,500	\$30,341,500
Federal Grants			\$0
Sections 8	\$300,000	\$1,000,000	\$1,300,000
ISTEA		\$570,000	\$570,000
DAC Revenue		\$500,000	\$500,000
Interest/Miscellaneous	\$560,000		\$560,000
<b>Total Revenue</b>	<b>\$2,915,000</b>	<b>\$96,310,799</b>	<b>\$99,225,799</b>
<b>EXPENDITURES</b>			
Salaries & Benefits	\$1,727,297	\$74,514	\$1,801,811
Member Per Diems	\$40,000		\$40,000
Consulting	\$652,000	\$1,000,000	\$1,652,000
Legal Fees	\$100,000		\$100,000
Professional Services	\$54,400	\$0	\$54,400
Met Council Chargebacks	\$171,000	\$0	\$171,000
Local Travel	\$52,950	\$500	\$53,450
Non-Local Travel	\$46,500	\$1,000	\$47,500
Materials & Supplies	\$32,800	\$0	\$32,800
Occupancy	\$215,800		\$215,800
Public Communications	\$100,700	\$0	\$100,700
Equipment Rental/Maintenance	\$32,354	\$0	\$32,354
Insurance	\$64,200		\$64,200
Capital Expenditures	\$25,000		\$25,000
Employee Recruitment/Development	\$26,150		\$26,150
Transit Programs/Grants	\$740,000	\$95,265,853	\$96,005,853
<b>Total Expenditures</b>	<b>\$4,081,151</b>	<b>\$96,341,867</b>	<b>\$100,423,018</b>
<b>Excess/(Deficiency) Revenue to Expenditures</b>	<b>(\$1,166,151)</b>	<b>(\$31,068)</b>	<b>(\$1,197,219)</b>
<b>Transfers</b>			
Board Authorizations			
Cost Allocations	\$464,000	(\$464,000)	\$0
<b>Net Transfers</b>	<b>\$464,000</b>	<b>(\$464,000)</b>	<b>\$0</b>
<b>Ending Fund Balance December 31, 1994</b>	<b>\$2,253,072</b>	<b>\$4,074,654</b>	<b>\$6,327,726</b>

**REGIONAL TRANSIT BOARD  
SOURCES and USES by FUND  
1994**

	GENERAL FUND	REGULAR ROUTE	METRO MOBILITY	OPT OUT	RURAL SMALL URBAN	LIGHT RAIL TRANSIT	TOTAL SPECIAL REVENUE	TOTAL ALL FUNDS
Beginning Fund Balance January 1, 1994	\$2,955,223	\$2,430,530	\$931,802	\$1,040,829	\$78,488	\$88,073	\$4,569,722	\$7,524,945
<b>REVENUE</b>								
Property Tax		56,724,873		8,224,615	1,004,811		\$65,954,299	\$65,954,299
State Appropriations	2,055,000	13,899,500	13,387,000		1,000,000		\$28,286,500	\$30,341,500
Federal—								
Section 8	300,000					1,000,000	\$1,000,000	\$1,300,000
ISTEA		570,000					\$570,000	\$570,000
DAC Revenue			500,000				\$500,000	\$500,000
Interest/Miscellaneous	560,000						\$560,000	\$560,000
<b>Total Revenue</b>	<b>2,915,000</b>	<b>71,194,373</b>	<b>13,887,000</b>	<b>8,224,615</b>	<b>2,004,811</b>	<b>1,000,000</b>	<b>96,310,799</b>	<b>99,225,799</b>
<b>EXPENDITURES</b>								
94-01 Policy Management	324,589							324,589
94-02 Executive Director	199,071							199,071
94-03 P & P Administration	201,551							201,551
94-04 Transportation Planning	117,464							117,464
94-10 Elderly & Disabled	299,566							299,566
94-11 Rideshare Planning	351,808							351,808
94-13 Transit System Planning	386,269							386,269
94-14 Transit Programs Administration	471,376	72,269,434	14,100,000	6,984,578	1,911,841		95,265,853	95,737,228
94-15 General Administration	446,520							446,520
94-16 Finance	281,144							281,144
94-17 Personnel	61,775							61,775
94-19 Public Information	293,712							293,712
94-20 Capital	25,000							25,000
94-22 Competitive Transit	16,158							16,158
94-23 Light Rail Transit								
94-24 Central Corridor AA/DEIS						1,054,829	1,054,829	1,054,829
94-26 New Services	547,690					21,185	21,185	568,875
94-27 Community Relations	57,457							57,457
<b>Total Expenditures</b>	<b>4,081,151</b>	<b>72,269,434</b>	<b>14,100,000</b>	<b>6,984,578</b>	<b>1,911,841</b>	<b>1,076,014</b>	<b>96,341,867</b>	<b>100,423,018</b>
Excess Revenue Over (Under) Expenditures	(1,166,151)	(1,075,061)	(213,000)	1,240,037	92,970	(76,014)	(31,068)	(1,197,219)
<b>Transfers—</b>								
Cost Allocation	464,000	(186,000)	(67,000)	(69,000)	(67,000)	(75,000)	(464,000)	0
Statutory								
<b>Ending Fund Balance December 31, 1994</b>	<b>\$2,253,072</b>	<b>\$1,169,469</b>	<b>\$651,802</b>	<b>\$2,211,866</b>	<b>\$104,458</b>	<b>(\$62,941)</b>	<b>\$4,074,654</b>	<b>\$6,327,726</b>

<b>REGIONAL TRANSIT BOARD</b> <b>1994 WORK PROGRAM COMPARISON</b>
----------------------------------------------------------------------

	1991 ACTUAL	1992 ACTUAL	1993 BUDGET	1994 BUDGET
<b>Beginning Fund Balance</b>	\$5,541,636	\$3,033,647	\$4,847,919	\$7,524,945
<b>REVENUE</b>				
Property Tax	58,852,650	62,459,701	64,282,675	65,954,299
State Appropriations	24,103,000	28,629,500	29,961,000	30,341,500
Federal	531,131	640,382	1,886,800	1,870,000
DAC Revenue	1,472,765	462,664	500,000	500,000
Interest/Miscellaneous	676,454	469,384	558,000	560,000
<b>Total Revenue</b>	85,636,000	92,661,631	97,188,475	99,225,799
<b>EXPENDITURES</b>				
94-01 Policy Management	404,409	327,815	344,880	324,589
94-02 Executive Director	202,303	215,889	246,820	199,071
94-03 P & P Administration	88,237	234,148	205,976	201,551
94-04 Transportation Planning	152,183	107,575	124,298	117,464
94-10 Elderly & Disabled	167,542	150,570	254,161	299,566
94-11 Rideshare Planning	76,877	202,989	306,743	351,808
94-13 Transit System Planning	212,685	230,346	323,590	386,269
94-14 Transit Programs Administration	84,426,413	87,708,138	89,813,140	95,737,228
94-15 General Administration	389,952	427,677	517,349	446,520
94-16 Finance	280,648	232,277	244,988	281,144
94-17 Personnel	48,510	47,078	63,772	61,775
94-19 Public Information	267,536	253,754	294,883	293,712
94-20 Capital	11,243	7,180	50,000	25,000
94-22 Competitive Transit	12,197	13,770	0	16,158
94-23 Light Rail Transit	164,063	76,015	1,071,690	1,054,829
94-24 Central Corridor AA/DEIS	0	0	0	21,185
94-26 New Services	1,187,031	561,242	591,523	547,690
94-27 Community Relations	52,160	50,896	57,636	57,457
<b>Total Expenditures</b>	88,143,989	90,847,359	94,511,449	100,423,018
Excess Revenue over(under) Expenditures	(2,507,989)	1,814,272	2,677,026	(1,197,219)
<b>Ending Fund Balance</b>	\$3,033,647	\$4,847,919	\$7,524,945	\$6,327,726

<b>Regional Transit Board</b> <b>1994 Transit Assistance Schedule</b>
--------------------------------------------------------------------------

	1991 Actual	1992 Actual	1993 Budget	1994 Budget
<b>Regular Route—</b>				
North Suburban Lines	889,958	850,274	827,818	852,653
Western Suburban	517,552	568,266	605,000	550,000
Roseville Area Circulator	0	550,546	580,000	590,000
UofM Route 52	370,687	471,542	583,766	518,000
BeLine	0	361,595	590,000	608,000
White Bear Area Transit	0	0	20,332	40,664
Valley Transit	108,182	108,592	108,000	110,117
Total	1,886,379	2,910,815	3,314,916	3,269,434
<b>MTC—</b>				
Operating Subsidy	60,869,478	63,832,077	63,395,424	68,000,000
Rideshare	498,673	389,810	599,928	625,000
Jobseekers	405,163	358,575	430,660	375,000
Total MTC	61,773,314	64,580,462	64,426,012	69,000,000
RTB Jobseekers	32,201	2,827	0	0
Total Regular Route	\$63,691,894	\$67,494,104	\$67,740,928	\$72,269,434
<b>Metro Mobility—</b>				
MTC—MMAC	534,789	644,502	628,028	0
Providers	13,561,414	11,406,233	12,330,744	14,100,000
Total Metro Mobility	\$14,096,203	\$12,050,735	\$12,958,772	\$14,100,000
<b>Opt Out</b>				
MN Valley Transit	2,128,668	2,618,395	3,202,402	3,266,450
Southwest Metro	1,251,746	1,472,719	1,474,226	1,503,711
Plymouth	845,002	1,045,456	1,348,763	1,375,738
Maple Grove	618,680	658,040	573,522	584,992
Shakopee	220,381	232,086	248,712	253,686
Total Opt Out	\$5,064,477	\$6,026,696	\$6,847,625	\$6,984,578

**Regional Transit Board  
1994 Transit Assistance Schedule**

	1991 Actual	1992 Actual	1993 Budget	1994 Budget
<b>Rural Systems—</b>				
Anoka County Traveler	0	441,970	444,824	444,824
Anoka Volunteer	36,941	23,708	23,500	23,500
Carver County	147,575	135,495	124,332	124,332
Dakota Volunteer	14,432	14,432	0	0
DARTS	421,921	423,522	393,912	393,912
HSI (Washington Cty)	251,872	234,069	227,047	227,047
Lakeville	0	27,645	27,510	27,510
Linwood Volunteer	16,220	15,557	15,796	15,796
Scott County	124,445	124,445	119,519	119,519
Senior Community	46,390	48,257	48,521	48,521
Senior Trans Program	17,778	27,746	24,179	24,179
Westonka	19,801	32,696	31,715	31,715
<b>Total Rural Systems</b>	<b>1,097,375</b>	<b>1,549,542</b>	<b>1,480,855</b>	<b>1,480,855</b>
<b>Small Urban—</b>				
Columbia Heights	0	83,707	83,000	83,000
Hastings—TRAC	82,172	81,999	82,172	82,172
Hopkins	29,589	34,752	34,752	34,752
NEST	92,543	89,296	111,434	111,434
STEP	11,286	11,175	10,880	10,880
White Bear Area Transit	85,020	81,666	112,136	108,748
<b>Total Small Urban</b>	<b>300,610</b>	<b>382,595</b>	<b>434,374</b>	<b>430,986</b>
<b>Total Rural/Small Urban</b>	<b>\$1,397,985</b>	<b>\$1,932,137</b>	<b>\$1,915,229</b>	<b>\$1,911,841</b>
<b>New Services—</b>				
Anoka County Traveler	384,294	Beginning 1992 New Services reserve funds available for transfer from General Fund to relevant Special Revenue Fund.		
BeLine	45,781			
Roseville Area Circulator	524,665			
Columbia Heights	62,875			
Lakeville	32,570			
<b>Total New Services</b>	<b>\$1,050,185</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>500,000</b>
<b>Total Transit Assistance</b>	<b>\$85,300,744</b>	<b>\$88,003,672</b>	<b>\$89,962,554</b>	<b>\$95,765,853</b>

**REGIONAL TRANSIT BOARD  
SUMMARY of ESTIMATED PROFESSIONAL FEES  
1994 BUDGET**

	PROGRAM	DESCRIPTION		TOTAL
<b>LEGAL-</b>				
94-01	Policy Management	Board Related Legal Services	25,000	
94-02	Executive Director	Agency Related Legal Services	75,000	\$100,000
<b>CONSULTING-</b>				
94-03	Planning & Programs Administration	UofM CTS		\$100,000
94-10	Elderly & Disabled-	Metro Mobility Research & Planning	50,000	
		Metro Mobility Eligibility Criteria	50,000	
		ADA Research & Planning	50,000	\$150,000
94-11	Regional Rideshare	TDM Consulting		\$50,000
94-13	Transit System PIng & Impl-	Engineering & Design	75,000	
		Planning Assistance	75,000	\$150,000
94-14	Transit Programs & Administration-	MTC Performance Audit-Phase II	150,000	
		Operations Monitoring	50,000	\$200,000
94-17	Personnel	Affirmative Action		\$2,000
94-23	Light Rail Transit	MN/DOT Contract		\$1,000,000
<b>CONTRACTUAL SERVICES-</b>				
94-10	Elderly & Disabled	Interpreter Services		\$2,500
94-15	Administration-	Legal Systems Service Corp (FSA)	1,400	
		Temporary Help	500	
		Miscellaneous Office	9,000	\$10,900
94-16	Finance	Annual Agency Financial Audit		\$16,000
94-19	Public Information-	Special Events	6,000	
		Special Projects	10,000	
		Conferences	4,000	
		Miscellaneous Services	5,000	\$25,000
<b>TOTAL PROFESSIONAL &amp; TECHNICAL</b>				<u>\$1,806,400</u>

<b>Regional Transit Board</b> <b>Staff Complement</b> <b>1994 Budget</b>
--------------------------------------------------------------------------------

	Actual 1991	Actual 1992	Budget 1993	Actual Jul '93	Budget 1994
<b>Chair's Office</b>					
Chair	1	1	1	1	1
Assistant Chair	1	1	1	0	1
Secretary	1	1	1	1	1
Total	3	3	3	2	3
<b>Executive Director's Office</b>					
Executive Director	1	1	1	1	1
Community Relations Coordinator	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Total	3	3	3	3	3
<b>Planning &amp; Programs</b>					
Director of Planning & Programs	1	1	1	1	1
Planning Manager	1	1	1	1	1
Programs Manager	1	0	0	0	1
Manager of Special Projects	0	1	1	1	1
Senior Planners	2	2	2	2	2
Senior Project Administrators	1	2	2	2	2
Planner II	0	1	1	2	2
Project Administrator II	0	2	0	2	2
Planner	3	2	2	1	1
Project Administrator	3	0	3	0	0
Paratransit Analyst	1	1	1	1	1
Transit Analyst (Statistician)	0	0	1	0	1
ADA Planner	0	0	1	0	1
TDM Coordinator	0	0	1	0	1
Total	13	13	17	13	17
<b>Finance</b>					
Comptroller	1	1	1	1	1
Fiscal Analyst	1	1	1	1	1
Program Auditor	2	2	2	2	2
Accountant	1	1	1	1	1
Accounting Clerk I	1	0	0	0	0
Accounting Clerk II	0	1	1	1	1
Total	6	6	6	6	6
<b>Administration</b>					
Manager of Administrative Services	0	0	0	1	1
Personnel Administrator	1	1	1	0	0
Administrative Assistant	1	1	1	1	1
Secretary	1	1	1	1	1
Clerical Assistant	1	1	1	1	1
Receptionist	1	1	1	1	1
Total	5	5	5	5	5
<b>Public Information Office</b>					
Public Information Manager	1	1	1	1	1
Project Administrator II	0	0	0	1	1
Writer/Editor	1	1	1	1	1
Public Information Specialist	1	1	1	1	1
Total	3	3	3	4	4
Agency Total - Budget	36	36	37	33	38
Agency Total - Actual	33	33		33	

<b>REGIONAL TRANSIT BOARD</b> <b>1994 NON-AGENCY CAPITAL BUDGET</b>
------------------------------------------------------------------------

**PROJECT NAME:** Community Based Transit Capital Assistance

**SOURCE of FUNDS:** Agency Fund – Bond Sale Proceeds

**PROJECT DESCRIPTION–**

Provide assistance to community based transit providers for purchases of vehicles, finance transit hub construction projects, reimburse Opt-Out vehicle costs, and community based transit projects.

	1991 ACTUAL	1992 ACTUAL	1993 BUDGET	1994 BUDGET
Transit Facilities	\$1,045,112	\$427,617	\$2,660,000	\$1,000,000
Vehicle Purchase	\$58,589	\$143,730	\$300,000	\$1,500,000
Opt-Out Reimbursement	\$0	\$0	\$284,000	\$350,000
Projects(Smart, Travlink)	\$0	\$0	\$0	\$820,000
<b>TOTAL</b>	<b>\$1,103,701</b>	<b>\$571,347</b>	<b>\$3,244,000</b>	<b>\$3,670,000</b>

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

**DATE:** June 29, 1993  
**TO:** Chair and Members, Committee of the Whole, Administration and Finance  
**FROM:** Dale Ulrich, <sup>pu</sup>Comptroller  
**SUBJECT:** Amendments to 1993 RTB Budget

### DISCUSSION

The accompanying schedule details the proposed amendments to the 1993 RTB Budget document which was adopted by the Board in December, 1992.

The majority of the changes recognize events and actions since the adoption of the official 1993 Budget. These include the audited financial activity of 1992, appropriations made by the 1993 Legislature and subsequent Board actions which have impacted the original spending plan.

Several administrative changes are also included:

- Revised estimate of DAC revenues in Metro Mobility program.
- CTS (Center for Transportation Studies) budget increased to allow projects approved, but not undertaken in earlier budget year. Savings against budget were shown in the earlier year.
- Agency capital increased to reflect replacement of failed computer equipment, addition of graphics-capable computer system for planning department. Increase would allow replacement of old copier and upgrade of secretarial and public information computer equipment which is planned for the second half of 1993.

### RECOMMENDATION

That the Board amend the 1993 Budget, adopted December, 1992, recognizing the following:

- |                                |              |
|--------------------------------|--------------|
| • Beginning Fund Balance of    | \$4,847,919  |
| • Total revenues of            | \$97,188,475 |
| • Total Expenditures           | \$94,511,449 |
| • Ending total fund balance of | \$7,524,945  |

**REGIONAL TRANSIT BOARD  
PROPOSED BUDGET AMENDMENTS  
FOR YEAR ENDING DECEMBER 31, 1993**

FUND	DESCRIPTION	CURRENT BUDGET TOTAL	AMENDED TOTAL	PROPOSED BUDGET ADJUSTMENT INCREASE/(DECREASE)
<b>FUND BALANCE--</b>				
GENERAL	BEGINNING FUND BALANCE	2,281,307	2,975,972	\$694,665
GENERAL	FUNDS TRANSFER	0	15,000	\$15,000
REGULAR ROUTE	BEGINNING FUND BALANCE	51,514	1,116,237	\$1,064,723
REGULAR ROUTE	FUNDS TRANSFER	0	(15,000)	(\$15,000)
METRO MOBILITY	BEGINNING FUND BALANCE	(934,236)	156,574	\$1,090,810
OPT-OUT	BEGINNING FUND BALANCE	1,754,147	0	(\$1,754,147)
RURAL/SMALL URBAN	BEGINNING FUND BALANCE	141,965	387,976	\$246,011
LIGHT RAIL TRANSIT	BEGINNING FUND BALANCE	223,930	211,159	(\$12,771)
	<b>TOTAL ADJUSTMENT TO FUND BALANCE</b>	<b>3,518,627</b>	<b>4,847,918</b>	<b>1,329,291</b>

Amendments to beginning fund balance are to adjust to ending fund balance of the audited financial statements for year end December 31, 1992. Transfer of \$15,000 from Regular Route to General fund to reflect transfer of Rideshare dollars to TDM (see expenditures below).

<b>REVENUE--</b>				
GENERAL	STATE APPROPRIATIONS	2,546,700	2,429,000	(\$117,700)
REGULAR ROUTE	STATE APPROPRIATIONS	10,241,400	12,998,000	\$2,756,600
METRO MOBILITY	STATE APPROPRIATIONS	12,351,300	13,234,000	\$882,700
RURAL/SMALL URBAN	STATE APPROPRIATIONS	1,312,350	1,300,000	(\$12,350)
METRO MOBILITY	DAC REVENUE	600,000	500,000	(\$100,000)
	<b>TOTAL ADJUSTMENTS TO REVENUE</b>	<b>27,051,750</b>	<b>30,461,000</b>	<b>3,409,250</b>

Amendments to State Appropriations replace 94/95 bienium estimates with actual as well as legislative mandates on allocation of the same. Amendment to DAC Revenue is to reflect current experience.

<b>EXPENDITURES--</b>				
GENERAL	CTS CONTRACT (Consulting Budget)	100,000	135,000	\$35,000
GENERAL	AGENCY CAPITAL EXPENDITURES	10,000	50,000	\$40,000
GENERAL	TDM's	150,000	165,000	\$15,000
REGULAR ROUTE	REGULAR ROUTE (Providers)	2,985,146	3,299,916	\$314,770
METRO MOBILITY	MMAC	753,628	628,028	(\$125,600)
METRO MOBILITY	PROVIDERS (including ATE)	12,197,672	12,330,744	133,072
RURAL/SMALL URBAN	SMALL URBAN PROVIDERS	1,893,719	1,915,229	\$21,510
				\$0
	<b>TOTAL ADJUSTMENTS TO EXPENDITURES</b>	<b>18,090,165</b>	<b>18,523,917</b>	<b>433,752</b>

CTS contract increased \$35,000. Agency capital increase based on anticipated purchases (prior estimate had no definite purchase plan). TDM's increased for Mpls TMO (funds from Rideshare). Regular Route Providers: UofM \$100,766, Valley Transit <\$2,117> Western Suburban #55 <\$15,000>, BeLine \$160,000, North Suburban \$65,789, WBAT \$20,332, MN Rideshare <\$15,000>. MMAC adjusted to reflect contract end. Metro Mobility providers adjusted for ATE, WBAT. Rural/Small Urban adjusted for WBAT.

**Regional Transit Board  
Sources and Uses by Fund  
1993**

	TOTAL GENERAL FUND	REGULAR ROUTE	METRO MOBILITY	OPT OUT	RURAL SMALL URBAN	LIGHT RAIL TRANSIT	TOTAL SPECIAL FUNDS	TOTAL ALL FUNDS
<b>1993 Revenues</b>								
Property Taxes		55,692,628		8,027,225	562,822		64,282,675	64,282,675
State Appropriation	2,429,000	12,998,000	13,234,000		1,300,000		27,532,000	29,961,000
Federal								
Section 8	316,800					1,000,000	1,000,000	1,316,800
ISTEA		570,000					570,000	570,000
Interest/Miscellaneous	558,000						0	558,000
1993 Agency Reimbursement			500,000				500,000	500,000
<b>TOTAL REVENUES</b>	<b>3,303,800</b>	<b>69,260,628</b>	<b>13,734,000</b>	<b>8,027,225</b>	<b>1,862,822</b>	<b>1,000,000</b>	<b>93,884,675</b>	<b>97,188,475</b>
<b>1993 Expenditures</b>								
93-01 Policy Management	344,880						0	344,880
93-02 Executive Director	246,820						0	246,820
93-03 P & P Administration	205,976						0	205,976
93-04 Transportation Planning	124,298						0	124,298
93-10 Elderly & Disabled Transp. Planning	254,161						0	254,161
93-11 Rideshare Planning	306,743						0	306,743
93-13 Transit System Planning	323,590						0	323,590
93-14 Transit Programs Admin.	350,586	67,740,928	12,958,772	6,847,625	1,915,229		89,462,554	89,813,140
93-15 Administration	517,349						0	517,349
93-16 Finance	244,988						0	244,988
93-17 Personnel	63,772						0	63,772
93-19 Public Information	294,883						0	294,883
93-20 Capital	50,000						0	50,000
93-23 Light Rail Transit	0					1,071,690	1,071,690	1,071,690
93-26 New Services/Grants	591,523						0	591,523
93-27 Community Relations	57,636						0	57,636
Cost allocation	-637,655	190,407		138,771	257,081	51,396	637,655	0
<b>TOTAL EXPENDITURES</b>	<b>3,339,550</b>	<b>67,931,335</b>	<b>12,958,772</b>	<b>6,986,396</b>	<b>2,172,310</b>	<b>1,123,086</b>	<b>91,171,899</b>	<b>94,511,449</b>
Excess Revenues Over (Under) Expenditures	-35,750	1,329,293	775,228	1,040,829	-309,488	-123,086	2,712,776	2,677,026
*1/1/93 Beginning Fund Balance	2,975,973	1,116,237	156,574	0	387,976	211,159	1,871,946	4,847,919
Statutory Authorized Transfers	15,000	-15,000		0			-15,000	0
12/31/93 Ending Fund Balance	2,955,223	2,430,530	931,802	1,040,829	78,488	88,073	4,569,722	7,524,945

\* General fund includes \$973,020 in restricted funds for new services

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

**DATE:** June 30, 1993  
**TO:** Chair and Members of the Administration and Finance Committee  
**FROM:** Dale Ulrich, Comptroller  
**SUBJECT:** Resolution No. 93-06, "Resolution Levying *Preliminary* Ad Valorem Property Taxes for 1993, Payable 1994"

### SUMMARY

This memorandum summarizes the preliminary tax levy calculation for levy year 1993, payable 1994. The Administration and Finance Committee is asked to recommend for board adoption Resolution No. 93-06, "Resolution Levying *Preliminary* Ad Valorem Property Taxes for 1993, Payable 1994."

### BACKGROUND

The Regional Transit Board (RTB) is authorized by Minnesota Statutes 473.446 to levy property taxes on an annual basis in the seven-county metropolitan area. The board must certify its preliminary tax levy to the Minnesota Commissioner of Revenue by August 1 of each levy year. The Commissioner of Revenue must then determine whether the property tax certified by the RTB is within the statutory levy limit. This determination by the Commissioner of Revenue must be completed by September 15 in order to meet the deadline for notifying the respective county auditors in order for the counties to comply with the public hearing requirements of the "truth in taxation" legislation.

The RTB must certify its final levy to the Department of Revenue and the county auditors by December 30. The RTB's property tax levy consists of the transit taxing district levy, the debt service levy and the transit taxing area levy.

#### Transit Taxing District Levy

The transit taxing district is defined in M.S. 473.446, subd. 2 and is that portion of the seven-county metropolitan area that receives regular route transit service. The legislation provides for the following calculation of the property tax levy in the transit taxing district:

- a. for taxes payable in 1994, the product of the RTB's property tax levy for the previous year *multiplied by*:
- b. the increase in market valuation of all taxable property with the transit taxing district for assessment year 1993 payable 1994 compared to the total market valuation for assessment year 1992 payable 1993.

The information on the market value increase is obtained from the county abstracts submitted to the Minnesota Department of Revenue each year. Staff discussions with the Department of Revenue have indicated that the **preliminary market value increase** to be used for the calculation of the property tax levy for payable 1994 is **2.5575 percent**. This compares with an actual increase last year of 1.9756 percent.

### **Debt Service Levy**

The RTB levies taxes to retire the debt on certificates of indebtedness and transit bonds sold by the Metropolitan Council and the Metropolitan Transit Commission (MTC) to fund the capital programs of the RTB and MTC. Both the Metropolitan Council and the MTC certify to the RTB, by resolution, the amounts needed to service the debt on these outstanding issues. Neither agency has formally certified these amounts to the RTB as of the date of this memorandum, but conversations with each agency have indicated that the total debt service levy will be **\$10,993,176**. The detail on this levy is shown in Table 2 of this memorandum.

### **Transit Taxing Area Levy**

The transit taxing area (also known as exurban) is defined in M.S. 473.446, subd. 1a and is the portion of the seven-county metropolitan area which is outside of the transit taxing district. Proceeds from this tax levy are to be used for paratransit services or ridesharing programs designed to serve persons located within the seven-county metropolitan area but outside of the transit taxing district. The transit taxing area levy is equal to 10 percent of the sum of the levies for the transit taxing district and the debt service levy multiplied by the ratio of the payable 1993 net tax capacity of the transit taxing area to the transit taxing district. This ratio is calculated by the Minnesota Department of Revenue. For payable 1994, the transit taxing area levy is calculated to be **\$617,154**. Detail of the calculation is shown in Table 1 of this memorandum.

### **Tax Feathering**

The tax levy is reduced to certain communities in the transit taxing district depending on the level of regular route service these communities receive. This reduction is commonly known as "tax feathering." Communities receiving off-peak service with frequencies of greater than 60 minutes receive a .510 percent tax capacity rate reduction from the full levy. Communities receiving no off-peak service are eligible for a .765 percent tax capacity rate reduction. The RTB is required to notify the Department of Revenue and the county auditors of the communities which are eligible to have their levy reduced. This determination is made from the level of service received as of August 1 of the levy year. The information on tax feathering, along with a complete list of communities eligible for this relief, will be presented when the RTB certifies its final property tax levy, which is due on or before December 30.

**Resolution 93-06**  
**June 30, 1993**  
**Page 2**

**RECOMMENDATION**

That the Regional Transit Board adopt Resolution No. 93-06, "Resolution Certifying Preliminary Ad Valorem Property Taxes for 1993, Payable 1994."

DU:jmo

Attachments:

Table 1

Table 2

Resolution 93-06

Calculation of Levy

Debt Service Levy Detail

"Resolution Levying Preliminary Ad Valorem Taxes"

**Table 1**  
**Calculation of Tax Levy**  
**Levy Year 1993, Payable 1994**

**Transit Taxing District Levy (M.S. 473.446, subd.1)**

1.	Payable 1993 Levy Limit	\$65,020,258
2.	Increase in Market Valuation from Payable 1994 to Payable 1993	2.5575%*
3.	Payable 1994 Levy Limit (1 x 2)	<b>\$66,683,151</b>

**Debt Service Tax Levy (M.S. 473.446, subd. 1)**

	Metropolitan Transit Commission	\$504,055
	Metropolitan Council	<u>10,489,121</u>
	<b>Total</b>	<b>\$10,993,176</b>

**Transit Area ("Exurban") Tax Levy (M.S. 473.446, subd. 1a)**

1.	Payable 1994 Transit Taxing District Levy	\$66,683,151
2.	Payable 1994 Debt Service Levy	\$10,993,176
3.	Payable 1994 Transit District Total Levy	\$77,676,327
4.	Ten Percent of Transit District Levy (3 x 10%)	\$7,767,633
5.	Ratio of Payable 1993 Net Tax Capacity of Transit Area to Transit District Net Tax Capacity	.079452*
6.	Payable 1994 Levy Limit	<b>\$617,154</b>

\* Figures provided by the Minnesota Department of Revenue.

**Table 2**  
**Debt Service Levy Detail**

The Metropolitan Council certifies the following amounts for levy of ad valorem taxes to service the outstanding debt of the following debt issues:

- |                                                                                                                                                                       |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| 1. For principal and interest payments to provide full and timely payment of the debt service on the Series 1987C issue, including allowance for uncollectible taxes: | <b>\$508,599</b>   |
| 2. For principal and interest payments to provide full and timely payment of the debt service on the Series 1988B issue, including allowance for uncollectible taxes: | <b>\$2,380,902</b> |
| 3. For principal and interest payments to provide full and timely payment of the debt service on the Series 1990A issue, including allowance for uncollectible taxes: | <b>\$4,508,175</b> |
| 4. For principal and interest payments to provide full and timely payment of the debt service on the Series 1991B issue, including allowance for uncollectible taxes: | <b>\$375,651</b>   |
| 5. For principal and interest payments to provide full and timely payment of the debt service on the Series 1991G issue, including allowance for uncollectible taxes: | <b>\$393,380</b>   |
| 6. For principal and interest payments to provide full and timely payment of the debt service on the Series 1993D issue, including allowance for uncollectible taxes: | <b>\$2,322,414</b> |

The sale of this issue is currently in progress. Levy is an estimate provided by Springsted, Inc., bond advisor to the Metropolitan Council.

The Metropolitan Transit Commission certifies the following amounts for levy of ad valorem taxes to service the outstanding debt of the following debt issues:

- |                                                                                                                                                           |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1. For principal and interest payments to provide full and timely payment of the debt service on general obligation certificates of indebtedness of 1979: | <b>\$504,055</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

Total scheduled debt levy: **\$10,993,176**

REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East Fifth Street, St. Paul, MN 55101

RESOLUTION No. 93-06

RESOLUTION LEVYING PRELIMINARY AD VALOREM PROPERTY TAXES  
FOR LEVY YEAR 1993, PAYABLE 1994

WHEREAS, the Regional Transit Board is authorized by Minnesota Statutes 473.446 to levy certain property taxes in the seven-county metropolitan area; and

WHEREAS, the Regional Transit Board is required by Minnesota Statutes 473.446, subd. 8, to levy a **preliminary** property tax levy to the Minnesota Department of Revenue by August 1, 1993;

NOW THEREFORE BE IT RESOLVED THAT, the Regional Transit Board hereby levies upon all taxable property within the Metropolitan Transit Taxing District, as defined in Minnesota Statutes 473.446, subd. 2, the following amounts:

1. **\$66,683,151** for use by the Regional Transit Board for payment of the expenses of operating transit and paratransit services.
2. **\$504,055** for principal and interest payments on general obligation certificates of indebtedness of 1979.
3. **\$508,599** for principal and interest payments on the Series 1987C issue.
4. **\$2,380,902** for principal and interest payments on the Series 1988B issue.
5. **\$4,508,175** for principal and interest payments on the Series 1990A issue.
6. **\$375,651** for principal and interest payments on the Series 1991B issue.
7. **\$393,380** for principal and interest payments on the Series 1991G issue.
8. **\$2,322,414** for principal and interest payments on the Series 1993D issue (sale in progress).

BE IT FURTHER RESOLVED THAT, the Regional Transit Board hereby levies upon all taxable property within the Metropolitan Transit Taxing Area an amount payable in 1994 of **\$617,154** estimated to be 10 percent of the levies 1 through 8 above, pursuant to Minnesota Statutes 473.446, subd. 1a.

BE IT FURTHER RESOLVED THAT, the Executive Director of the Regional Transit Board, on behalf of the board, shall certify these preliminary levies to the commissioner of the Minnesota Department of Revenue on or before August 1, 1993.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 1993

\_\_\_\_\_  
John H. Riley, Chair

\_\_\_\_\_  
Mary Fitzgerald, Secretary

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789 and (TTY) 229-2715

**DATE:** July 8, 1993  
**TO:** Chair and Members of the Administration and Finance Committee  
**FROM:** Suzanne Hanson, Public Information Manager  
**SUBJECT:** Award of Contract for Creation of 1993 State Fair Display

### SUMMARY

This memorandum requests Board authorization for the executive director to enter into a \$35,000 contract with Design Stages to create a custom-built 10-by-20 foot display to be completed and set up at the 1993 State Fair by August 25, 1993.

The Regional Transit Board's (RTB) public information office is requesting this action on behalf of the Metropolitan Transit Education Committee, a consortium of transit-related organizations that includes the Metropolitan Transit Commission (MTC), the Metropolitan Council, the Minnesota Department of Transportation (Mn/DOT), the Hennepin County Regional Rail Authority (HCRRA), the Ramsey County Regional Rail Authority (RCRRA), and the LRT Joint Powers Board.

The RTB, as the lead agency, is responsible for making purchases for goods and services as well as entering into contracts needed to implement the strategic communications plan developed by this committee. The contract between the agencies started on July 1, 1993 and will continue through September 15, 1994. Contributions of \$40,000 have been received or are in the process of being sought from the RTB, the MTC, the Metropolitan Council, Mn/DOT, the Hennepin County Regional Rail Authority, and the Ramsey County Regional Rail Authority. The LRT Joint Powers Board is contributing \$21,000.

### BACKGROUND

On June 15, 1993, the RTB released a Request for Proposals (RFP) for the concept, design, and construction of a custom display for the 1993 State Fair and for the concept, design and construction of five traveling displays. The RFP called for the State Fair display to be completed by August 25, 1993 and for the traveling displays to be completed on or before January 15, 1994.

Seven firms responded to the RFP:

- Design Stages, located at 2210 Terminal Road, Roseville, Minnesota.
- Skyline Displays & Graphics, located at 11901 Portland Ave. S., Burnsville, Minnesota.

**Display Vendor--Metropolitan Transit Education Committee**  
**July 8, 1993**  
**Page 2**

- HAAS Exhibit Marketing, located at 7125 Sandburg Road, Minneapolis, Minnesota.
- Vertex Exhibits, located at 2303 Kennedy St. N. E., Minneapolis, Minnesota.
- ABF Display Co., located at 889 Vandalia, St. Paul, Minnesota.
- Heritage Display, located at 550 Vandalia Street, St. Paul, Minnesota.
- Display Management Services, Inc., located in Plymouth, Minnesota.

The evaluation committee consisted of a subgroup of the Metropolitan Transit Education Committee and included representatives from MTC, Mn/DOT, Dakota County Regional Rail Authority, Ramsey County Regional Rail Road Authority and the RTB. The evaluation committee met to review the seven proposals on July 1, 1993. The purpose of the initial stage of evaluation was to short-list the finalists by ranking the proposals. The top three display firms -- Design Stages, Skyline Displays & Graphics, and Vertex Exhibits -- were then interviewed on July 1 and July 7, 1993.

The committee used the following criteria to evaluate the proposals.

1. Understanding of the Metropolitan Transit Education Committee's key messages and scope of the project.
2. Potential creative design/theme concepts for the 1993 State Fair booth.
3. Potential creative design/themes for the remaining five (5) traveling displays.
4. Ability to move and set up the custom-built display to State Fair site and three additional sites.
5. Recommendations for incorporating measurement tools or evaluation mechanisms into all displays.
6. Ability to define a time schedule and a cost proposal that will deliver the required products within the \$50,000 budget allocation.

## **DISCUSSION**

Following is a summary of the evaluation of the written proposals and the site visits.

### **Written Proposals**

Based on the review of the written proposals, Design Stages ranked highest, Skyline Displays & Graphics ranked second, and Vertex Exhibits scored third. The proposal from Design Stages scored first in each category although it was tied with Vertex Exhibits in the evaluation category.

### **Site Visits**

In the committee's view, Design Stages offered the best proposal. However, the evaluation committee did choose to do interviews and site visits with the top three vendors to verify creative and construction capabilities.

After reviewing the top three vendors, the committee decided to award only the State Fair portion of the contract to Design Stages at this time. The committee disagreed on the need for portability in the traveling displays and also felt it would be in its best interest to evaluate the work done at the 1993 State Fair before entering into a contract to design, concept and build the proposed traveling displays.

### **Reasons for Selecting Design Stages**

Design Stages was selected because:

- The creative ideas submitted by Design Stages gave the committee the highest degree of confidence that the Metropolitan Transit Education Committee's key messages would be delivered in an attention-getting and educational manner at the 1993 State Fair.
- Design Stages demonstrated the ability to meet the tight deadline of August 26, 1993, when the 1993 State Fair begins.

### **RECOMMENDATION**

That the Regional Transit Board authorize the executive director to enter into a \$35,000 contract with Design Stages to create and construct a 10-by-20 foot display to be completed and set up at the 1993 State Fair by August 25, 1993. This contract will be entered into by the RTB on behalf of the Metropolitan Transit Education Committee.

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

**DATE:** July 6, 1993  
**TO:** Chair and Members of the Committee of the Whole  
**FROM:** Randy Rosvold, Senior Planner   
**SUBJECT:** Proposed MTC Bus Service to the 1993 Minnesota State Fair

### SUMMARY

This memorandum outlines MTC's plans for special bus service for the 1993 Minnesota State Fair. RTB approval of special express fare is required.

### BACKGROUND

The Metropolitan Transit Commission (MTC) is proposing to operate three distinct transit services during the twelve days of the 1993 Minnesota State Fair:

1. Enhancements to existing MTC services going by the fairgrounds (MTC Routes St. Paul 4 and 5 and Minneapolis 60).
2. "Free" shuttle service from Rosedale and Har Mar mall park-and-ride lots (under contract with the Minnesota State Fair).
3. Special express service from six shopping centers: Southdale, Ridgedale, Northtown, Maplewood Mall, Brookdale, and new this year--Signal Hills.

In 1992, the MTC initiated special express service to the State Fair with very promising results. The MTC is planning to operate special State Fair express service again this year and is seeking RTB approval to charge \$2 fare for adults and seniors and \$1 fare for youth. Children age 5 and under ride free (limit 3 with one adult fare). The intent of the higher than average fare is to recover 100 percent of all operating costs associated with the special State Fair express service.

The State Fair is supporting MTC by providing a \$2 discount on State Fair admission, a bus staging area on the premises of the fairgrounds, and advertising MTC services in Fair promotional materials.

### DISCUSSION

As a result of special service requests similar to the MTC proposal for State Fair express service, RTB staff has developed a special events policy that will establish guidelines for public transit services designed for a specific event or service which is promotional in nature. The proposed

**1993 State Fair Service**  
**July 6, 1993**  
**Page 2**

special events policy is currently being reviewed by the RTB's Providers Advisory Committee and scheduled for board review in late July. MTC's State Fair express service would generally meet the criteria outlined in the proposed special events policy with the exception of fares. (Note: comparable off-peak express service fares on the regular route system are \$1.10 within zone 1 and \$1.35 zone 1 to zone 2.) One issue of concern regarding the proposal is the involvement, or lack thereof, of private providers during the formulation of the State Fair express service. The MTC should attempt to involve private operators in express operations.

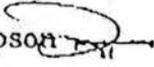
Attached for reference are MTC staff reports on the State Fair express service evaluation that document ridership, revenue, expenses, and on-board passenger survey results for 1992 operations.

**RECOMMENDATIONS**

That the Regional Transit Board approve fares for the State Fair express service at \$2 fare for adults and seniors and \$1 fare for youth.



MEMORANDUM

TO: Members of the Metropolitan Transit Commission  
FROM: Bob Thompson   
DATE: September 24, 1992  
SUBJECT: State Fair Service

During the twelve days of the fair the MTC provided three separate and distinct types of service. They were;

- Augmented Regular Route service on routes going by the State Fair grounds.
  - Routes 4 - St. Paul
  - 5 - St. Paul
  - 60 - Minneapolis
- Free parking lot shuttles from the HarMar & Rosedale Shopping Centers. The State Fair Board reimbursed the MTC for the cost to operate that service.
- Express service from the following shopping centers:
  - Ridgedale
  - Brookdale
  - Southdale
  - Northtown
  - Maplewood Mall

The fare for this service was \$1.00 for adults, 25¢ for seniors, handicapped and under 18. The attached reports summarize the applicable revenue, expenses and ridership of this service.

The ridership associated with these three services was:

Regular Route	98,612
Parking Lot Shuttle	94,442
Shopping Center Express	59,535
Total	252,589

This level of ridership to and from the fair represented approximately 8% of the total attendance at the fair. On an average one of every twelve people attending the fair arrived by bus.

cc: Mike Christenson  
Jerry Olson  
Bev Auld  
Tom Johnson  
Division Directors

Metropolitan Transit Commission  
State Fair Express Service  
August 27 thru September 7

<b>Ridership</b>	59,535	
<b>Revenue</b>	<u>Actual</u>	<u>Imputed \$1 Fares</u>
Passenger Fares		
\$1 Regular Fare	\$32,477	\$32,477
25¢ Senior Fare	5,768	23,070
Medica Coupons	1,898	1,898
Total Revenue	<u>\$40,143</u>	<u>\$57,445</u>
<b>Expenses</b>		
Driver Labor	\$52,936	\$52,936
Miles Related Expenses	16,685	16,685
Total Incremental Expenses	<u>\$69,621</u>	<u>\$69,621</u>
Farebox Recovery Ratio	57.7%	82.5%
Volunteer Labor*, 669 Hours	11,421	11,421
	<u>\$81,042</u>	<u>\$81,042</u>
Farebox Recovery Ratio	49.5%	70.9%

\*Volunteer labor was performed at no additional cost to the MTC.

Attached is the ridership by day and location for the days of the fair.



September 15, 1992

Memo

To: Chair and Commissioners

From: Aaron Isaacs, <sup>*AI*</sup> Manager of Research & Special Projects

Subject: Report on State Fair Express Service

This report describes the State Fair Expresses in terms of unofficial ridership counts, customer survey results and operational considerations. The Finance Division will provide a separate report at a later date that will give the official ridership and financial performance.

### Background

An experimental network of express buses was created to link suburban shopping centers. They were inspired by the successful shopping center expresses that ran in 1991 for the World Series and Super Bowl and had attracted many people who had never before ridden a bus, or had not ridden for years.

The goal was to make the service as simple and user-friendly as possible. All routes ran hourly on the half-hour from 8:30 AM to 12:30 AM, from both the shopping centers and the fairgrounds, except that no 4:30 PM trips ran on weekdays. The fare was \$1.00 for adults, with social fares and convenience fares as on regular MTC service.

The expresses served Southdale, Ridgedale, Brookdale, Northtown and Maplewood Mall.

The State Fair provided free marketing through newspaper ads and direct mail. They also give all express customers a \$2.00 discount on fair admission. On the two Senior Days, seniors rode free courtesy of Medica.

### Ridership

Load counts taken at the Fairgrounds bus stop indicate that 59,535 rides were taken on the expresses. These counts are unofficial and will differ somewhat from the numbers reported by the Finance Division, because of the counting method. 31,245 customers rode to the fair, while only 28,290 took the return trip. It is unclear what caused the difference, but people may have carpooled home, been picked up or ridden MTC local service.

The ridership by shopping center was:

Southdale	15,376
Ridgedale	14,065
Brookdale	11,219
Northtown	11,113
Maplewood Mall	7762

The ridership by day was:

8/27	Thu	1551	
8/28	Fri	2943	
8/29	Sat	4770	
8/30	Sun	5510	
8/31	Mon	6002	Senior Day
9/1	Tue	3325	
9/2	Wed	3794	
9/3	Thu	7764	Senior Day
9/4	Fri	5003	
9/5	Sat	6242	
9/6	Sun	9903	
9/7	Mon	2728	Labor Day

Survey Results

To find out more about the express customers, a survey was taken. 2551 completed surveys were received.

1. At what mall did you board the MTC State Fair Express?

Brookdale	20.7%
Maplewood Mall	8.1%
Ridgedale	32.7%
Southdale	17.5%
Northtown	20.9%

2. At what time did you board the MTC State Fair Express?(at a shopping center)

8:30 AM	17.5%
9:30 AM	14.7%
10:30 AM	17.2%
11:30 AM	11.2%
12:30 PM	8.2%
1:30 PM	14.5%
2:30 PM	6.7%
3:30 PM	5.1%
4:30 PM	1.1%
5:30 PM	2.3%
6:30 PM	.9%
7:30 PM	.1%
8:30 PM	.1%
9:30 PM	
10:30 PM	
11:30 PM	

3. In the past how did you get to the State Fair?

81.6%	Drive, and park at or near State Fair.
7.3%	Ride shuttle from Park and Ride lot.
4.7%	Ride a regular route MTC bus.
.6%	Bike
.2%	Taxi
5.6%	Other

4. How did you hear about the MTC State Fair Express?

41.6%	Newspaper
22.2%	Radio
10.8%	TV
4.5%	State Fair News Letter
5.4%	MTC Information Line
4.1%	MTC State Fair Brochure
11.3%	Friend or word of mouth
.1%	Signs

5. Have you ridden a regular route MTC bus in the past six months?

23.8%	Yes
76.2%	No

If you answered YES, how often did you ride?

23.9%	5 times a week
10.0%	2-3 times a week
8.0%	once a week
58.2%	less than once a week

If you answered NO, would you consider riding a MTC bus on a regular commute?

58.3%	Yes
41.7%	No

How would you get more information about MTC bus routes?

61.9%	Call MTC (827-7733)
7.2%	BusLine (349-4Bus)
23.0%	Pick up route schedule/brochure
7.9%	ask a friend

Your gender

39.3%	Male
60.7%	Female

Your age

13.7%	17 and under
4.0%	18-21
12.0%	22-30
18.9%	31-40
20.0%	41-50
19.1%	51-64
12.3%	65 and over

### **Operational Performance**

Operationally the service was a success. The hourly bus cycle permitted sufficient layover between trips, so there were few late buses. The biggest problem with lateness happened on the 5:30 PM weekday departures from the Fair. Some of these trips were late because of doubling from regular rush hour trips.

The loads at Southdale, Ridgedale, Brookdale and Northtown required a second bus on many of the trips. A third bus was added occasionally from Southdale and Brookdale. There were some standees, but all customers were accomodated.

On site staffing was crucial to the express' success. MTC driver trainers staffed the shopping centers. They were supplemented by a large group of MTC office employees who volunteered their time. That effort was coordinated by Marketing and Communications. The result was personalized contact with virtually every customer. Transit supervisors staffed the bus terminal at the fair.

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
612/292-8789

**DATE:** July 6, 1993

**TO:** Chair and Members of the Administration and Finance Committee

**FROM:** Len Simich, Senior Project Manager  
Michael Opatz, Project Administrator **MO** 

**SUBJECT:** 1993 MTC Budget Amendment for the Purchasing of Electronic Registering Fareboxes for Non-MTC Providers

### SUMMARY

In January 1993, the Board authorized the MTC to purchase additional electronic fareboxes and supporting equipment for non-MTC providers of regular route service. The purpose of this memorandum is to recommend that the Board formally approve the MTC 1993 capital budget amendment of \$600,000, which reflects the acquisition of the additional farebox equipment.

### DISCUSSION

The MTC has contracted with General Farebox to purchase 1,000 electronic fareboxes for the MTC fleet. These fareboxes will be equipped with a magnetic stripe card reader for convenience fares, and have the capability for reading and issuing transfer slips. In addition, the MTC has purchased eight computerized data collection and reporting systems. The MTC began installing the new fareboxes in April 1993, and will complete the process in July 1993.

In an effort to promote regional coordination and minimize customer confusion, the Board approved in January 1993 the acquisition of electronic fareboxes and supporting equipment for all its non-MTC regular route providers. The following was the approved process to provide electronic farebox equipment to non-MTC providers of regular route service.

- The RTB would request that the MTC attach these additional farebox orders to the MTC's current purchase order with the General Farebox.
- The MTC would purchase, own, and maintain the fareboxes, and then lease them to private providers for a nominal fee.
- The provider would return the fareboxes to the MTC, should their contract terminate with the RTB.
- The farebox equipment would be financed through MTC bonding authority since the equipment would have a useful life of more than 10 years.

**Administration and Finance Committee**  
**July 6, 1993**  
**Page 2**

As requested by RTB action in January, the MTC amended its contract with General Farebox by \$600,000 to include the acquisition of 76 fareboxes and supporting equipment. Staff proposes that the Board formally amend its MTC 1993 capital budget by \$600,000 to reflect the acquisition of the additional farebox equipment. In addition, the Board should direct the Commission to amend its 1993 capital budget by \$600,000 to be consistent with the RTB action. The proposed amendment increases the 1993 MTC capital budget by \$600,000 from \$52,548,904 to \$53,148,904.

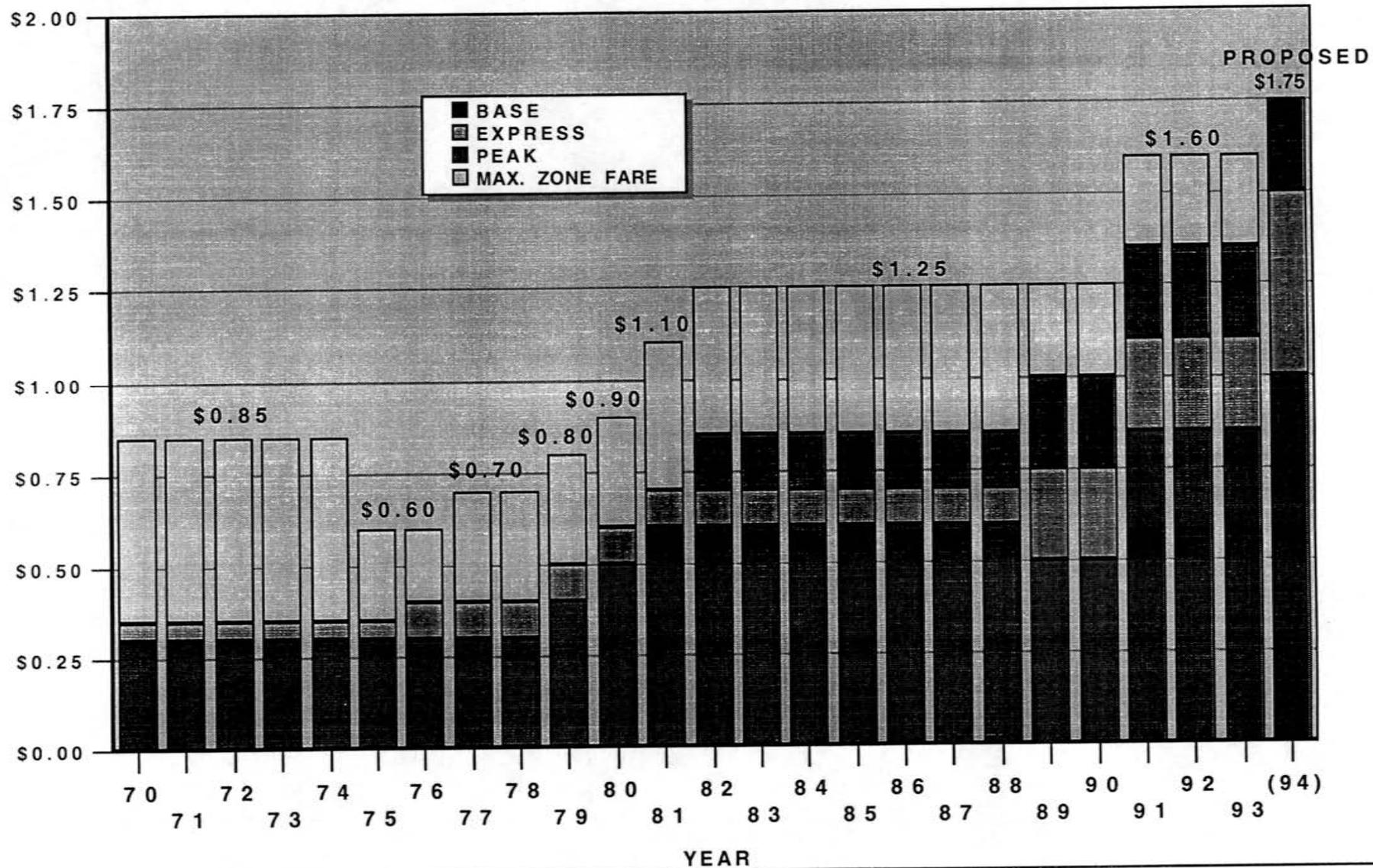
**RECOMMENDATION**

That the Regional Transit Board approve the amendment of the 1993 MTC capital budget of \$600,000 from \$52,548,904 to \$53,148,904 for the purchase of electronic fareboxes, and supporting equipment for the purpose of leasing the equipment to non-MTC providers of regular route service, and direct the MTC to amend its 1993 capital budget consistent with this Board action.

# **RTB FARE POLICIES**

- **UNIFORM FARE SYSTEM**
  
- **FARE BOX RECOVERY**
  - **regular route** - **35%**
  - **community-based** - **15%**
  - **special services** - **10%**
  
- **FARE EQUITY**
  - **peak-period surcharge**
  - **distance-based surcharge**
  - **express surcharge**
  
- **SIMPLICITY**
  
- **REGULAR FARE INCREASES**

# REGULAR ROUTE FARE HISTORY (1970-1993)



# Preliminary Fare Scenarios

12-Jul-93

Developed by Dan Mueller, Deb Alexander, Lynn Wallace, Sarah Thinesen, and Leonard Oppenheimer

	FARE STRUCTURE							STATISTICS				
	Base Fare	Peak Charge	Express Charge (Peak/Off-)	Zone Charge	Discount Conv. Fares (Tix./Pass)	Social Fare	Downtown Zone (Peak/Off-)	# Rides per Pass	Projected Revenue (millions)	Projected Rides (millions) <sup>1</sup>	% Change In Rides <sup>2</sup>	% Change Full Fare
Now	\$0.85	\$0.25	\$0.25	\$0.25	(\$0.25)	\$0.25	\$0.25	42	\$36.3	66.2	N/A	N/A
RTB <sup>3</sup>	\$1.00	\$0.25	\$0.50/.25	\$0.00	(\$0.25)	\$0.25	\$0.50/.25	40	\$40.9	63.7	-3.7%	-4.1%
Committee Recommendations												
	\$1.00	\$0.25	\$0.50/.25	\$0.00	(\$0.25)	\$0.50	\$0.50	40	\$42.2	61.9	-6.6%	-4.9%

## Notes

- \* These were the most liked scenarios chosen by the committee and have the lowest impact on full fare, fixed route riders.
- 1. Ridership projections do not factor in increased rides in response to decreased fares.
- 2. All ridership compared to 66.2 million actual trips for last 12 months (May 1992 to April 1993).
- 3. RTB scenario also included free downtown zone for carpoolers and vanpoolers without estimates of changes from it.

## COMPARATIVE FARES

	BASE FARE	PEAK CHARGE	ZONE CHARGE	EXPRESS CHARGE	TRANSFER CHARGE	HIGHEST FARE	SOCIAL FARE
DULUTH	\$0.50	\$0.50	----	----	----	\$1.00	\$0.50
DENVER	\$0.50	\$0.50	\$1.75	\$1.00	----	\$3.75	\$0.15
DALLAS	\$0.75	----	----	\$1.00	----	\$1.75	\$0.15
KANSAS CITY	\$0.90	----	----	\$0.10	----	\$1.00	\$0.45
ST. LOUIS	\$1.00	----	----	\$0.30	\$0.20	\$1.50	\$0.50
MILWAUKEE	\$1.10	----	----	\$0.25	----	\$1.35	\$0.55
CLEVELAND	\$1.25	----	\$1.25	\$0.25	----	\$2.75	\$0.50
CHICAGO	\$1.25	\$0.25	----	\$0.25	\$0.30	\$2.05	\$0.60
ATLANTA	\$1.25	----	\$0.50	----	----	\$1.75	\$0.60
TWIN CITIES							
Existing	\$0.85	\$0.25	\$0.25	\$0.25	----	\$1.60	\$0.25
Proposed	\$1.00	\$0.25	----	\$0.50	----	\$1.75	\$0.25

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

**DATE:** June 17, 1993  
**TO:** Chair and Members of the Regional Transit Board  
**FROM:** Howard Blin, Planning Manager  
**SUBJECT:** Regular Route Fare Policies

### SUMMARY

This memorandum provides an overview of RTB fare policies and describes recent decisions on regular route fares. No action is requested.

The Regional Transit Board (RTB) has the responsibility for establishing fare policies for transit services and for approving fare levels for most services. In the area of regular route fares, Minnesota Statutes 473.377, Subdivision 2a, requires:

The board shall establish and enforce uniform fare policies for regular route transit in the metropolitan area... The (Metropolitan Transit) Commission and other operators shall submit their fare schedules to the board for approval.

The legislature has also established the following goals for transit fares:

(Minnesota Statutes 473.408, Subd. 2)

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

In response to these statutory requirements, the RTB in 1987 adopted fare policies and procedures which have formed the basis for subsequent decisions on fares. A complete list of these policies are attached. The key policies relating to regular route service are discussed below:

- **Fare Box Recovery**

The appropriate amount of operating cost recovered through fares, known as fare recovery ratio, has been discussed since public subsidies for transit in the Twin Cities began in the late 1960s. Before that time, fares covered the total cost of service. By 1975, fares represented only one-half of operating costs. In 1981, the MTC adopted a policy requiring fare recoveries of 40 and 45 percent.

RTB policy calls for a minimum 35 percent fare recovery ratio. This level of fare revenue is based on previous legislative and Metropolitan Council direction. In 1984, the Metropolitan Council completed the Regional Service and Finance Study on Transit. This report recommended that fare revenue should account for 35 to 40 percent of regular route operating costs. The legislature used this recommendation to require that the RTB maintain a 35 percent fare recovery ratio. This statutory requirement expired in 1988, with the RTB's policy serving as the benchmark for fare recovery since.

- **Fare Equity**

It has been a long-standing objective that fares for various regular route services should reflect the cost of providing the service. To achieve some degree of equity, the current fare structure charges more for higher cost peak period and express service, as well as an additional zone charge for long distance trips.

- **Simplicity**

Transit fares should be easy to understand and administer. The simplest fare structure would be a flat fare, with one price for all services at all times. This objective must, however, be balanced against the need for fare equity and the requirements to offer lower "social fares" for seniors, youths and persons with disabilities.

- **Regular Fare Changes**

RTB policy calls for annual monitoring of fares with a full evaluation of the need for fare increases to be conducted biannually. This policy is based on the premise that fare increases which are smaller and more regular have less ridership impact than larger increases which occur less often.

## **DISCUSSION**

### **Fare Increases and Ridership**

As with a price increase for any product, increased fares reduce the demand for transit use. Fare increases typically result in ridership losses, with the extent of the loss based on how high fares are raised. Traditionally, the transit industry used a three to one ratio to estimate ridership impacts; i.e., where ridership drops 1 percent for each 3 percent increase in fares.

**Regular Route Fare Policies**  
**June 17, 1993**  
**Page 3**

It has been found, however, that different groups react differently to fare changes. Elasticity of demand is used in projecting the responsiveness of different groups to fare changes. While these elasticities can provide only gross estimates of ridership impacts, some general conclusions are possible:

- off-peak riders are more sensitive to fare increases than peak riders; and
- riders on local regular route service are more sensitive to fare increases than riders on express routes.

In addition to the elasticity of a particular group, the impact of a fare increase on the sales of convenience fares must be considered. Price changes for convenience fares affects the attractiveness of these fare items for transit users.

Any projections of ridership impacts, however, can be only rough estimates. What must be also considered are existing trends in ridership. In some cases, the fare increases may have less impact on ridership than other, non-fare related factors.

### **1991 Fare Increases and Impacts**

The most recent broad fare increase occurred in March 1991. By that time the fare recovery ratio had fallen to 31 percent. This resulted from fare increases over the previous nine years while operating costs continued to rise. At that time the RTB was faced with the situation of increasing fares or requiring significant cuts in service.

In order to minimize the impact on ridership, a "deep discounting" strategy was used. This approach raised the base fare for cash paying customers by 35 cents while increasing the costs of pre-paid convenience fares (ten-ride cards, monthly passes and tokens) by only five cents per ride. The objective was to promote the use of convenience fares. Studies indicated that once customers have pre-purchased fares, they tend to use transit more often, thereby lessening the ridership impact of the fare increase.

#### Ridership Impacts

The fare increase was projected to result in a 3 to 4 percent ridership decline. During the twelve months following the increase, actual ridership was down approximately 6 percent. Since March 1992, one year after the fare increase, ridership has begun to rebound when compared to the same month in the previous year. Total ridership, however, has yet to meet pre-fare increase levels.

#### Revenue Impacts

The 1992 fare increase was projected to raise an additional \$6 million on an annual basis. Actual fare revenue increased by slightly more than \$5 million than over the first twelve months.

**Regular Route Fare Policies**  
**June 17, 1993**  
**Page 4**

Other Impacts

The 1991 fare increase must be considered a step backward in the area of fare implementation. The increase of 35 cents in cash fares and five cents in convenience fares created additional pricing categories which are now based on odd numbers. This is illustrated below:

	Previous Fares	Current Fares	
		<u>Cash</u>	<u>Discounted Convenience Fares</u>
Off Peak			
Local	\$0.50	\$0.85	\$0.55
Local Zone 2	\$0.75	\$1.05	\$0.80
Express	\$0.75	\$1.05	\$0.80
Express Zone 2	\$1.00	\$1.30	\$1.05
Peak			
Local	\$0.75	\$1.10	\$0.80
Local Zone 2	\$1.00	\$1.35	\$1.05
Express	\$1.00	\$1.35	\$1.05
Express Zone 2	\$1.25	\$1.60	\$1.30

In addition to the fare increase, the program which offered an eight percent discount on monthly passes sold through employer payroll withholding was discontinued in August 1991. The full impact on ridership and revenue from dropping the program is not known.

1992 Fare Decisions

During its biennial fare evaluation in 1992, the RTB determined that regular route fare revenue during 1993 would fall below the policy 35 percent recovery ratio. The board considered various options for fare increases and held a series of public hearings on the following set of fare increases:

- 15¢ increase in the basic fare;
- elimination of the zone-crossing charge;
- 25¢ increase in the peak-express charge;
- 25¢ increase to the downtown zone during the peak period; and
- 5¢ per ride increase in the pricing of the discounted convenience fares.

This fare increase was projected to increase revenues by \$4.8 million annually (a 13.7 percent increase). Ridership was estimated to drop by approximately 4 percent.

Throughout discussions of a fare increase, the MTC opposed any increase and suggested lowering the required fare recovery ratio.

**Regular Route Fare Policies**  
**June 17, 1993**  
**Page 5**

In October 1992, the board approved the fare increase which was to go into effect no later than July 1993. In its subsequent approval of the MTC's 1993 budget, the board postponed the effective date of the increase until no later than January 1, 1994.

1993 Convenience Fare Increase

In May 1993, the RTB approved an MTC request to increase convenience fares by 5¢ per ride and, at the same time, increased the price basis on monthly passes from 40 to 42 ride per month. This increase was generally consistent with the overall fare increase scheduled for January 1994. MTC requested an earlier increase in convenience fares to make up for a shortfall in fare revenue during the first few months of 1993.

**RECOMMENDATION**

This item is for information purposes only. No action is requested.



# **Fare Policies**

and

# **Procedures**

**For The Twin Cities Metropolitan Area**

**Adopted July 20, 1987**

FARE POLICIES AND PROCEDURES  
FOR THE  
TWIN CITIES METROPOLITAN AREA

Regional Transit Board

Adopted July 20, 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 in 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 provide a 35 percent farebox recovery ratio.
5. Fares for each fully RTB funded circulation service and general purpose paratransit service will, at a minimum, generate revenues to provide a 15 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. New services will be expected to show steady growth toward meeting the appropriate farebox recovery ratios within a reasonable period to be established in the management plan by the RTB.
8. 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.
9. Within the constraints of the recovery ratio, the fare structure and pricing levels will encourage ridership, especially where capacity exists.
10. 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.
11. The fare system will reflect societal policies of support for targeted socioeconomic groups, and not create undue economic hardship for transit dependent market groups.
12. Within the constraints of economic, equity and social considerations, the fare structure will be simple and easy to understand and administer.
13. The fare structure and pricing levels will be flexible to allow for promotional and experimental fares subject to RTB approval.
14. 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.
15. 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.

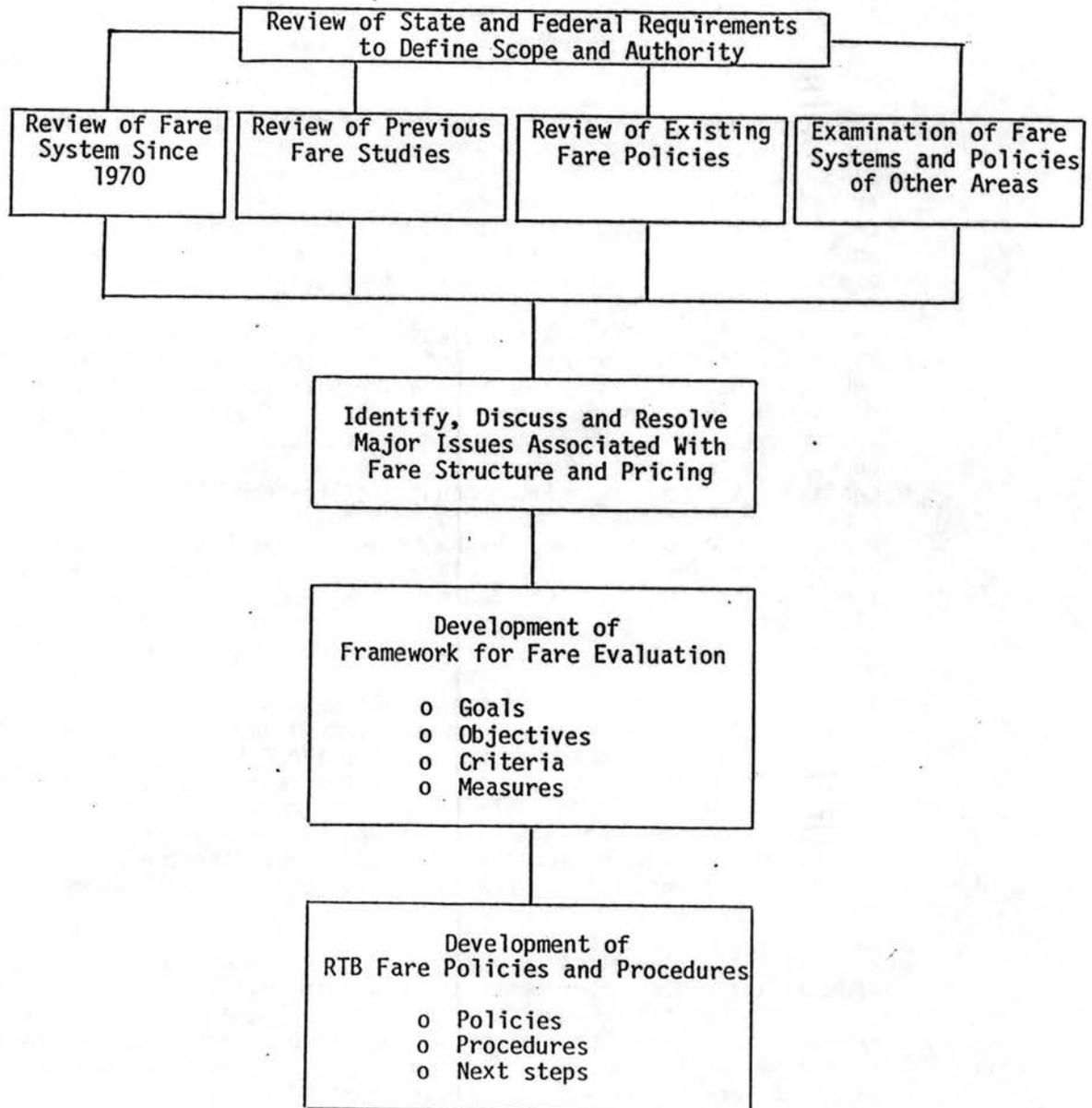
The development of the RTB's metropolitan fare policies involved a number of key elements. The key elements of this process are shown in Figure 1. A review of both the state and federal requirements was conducted first to establish the responsibility of the RTB and to define the scope of the RTB's authority. 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 1985 Session Law, First Special Session, Chapter 10, Article 2, 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 Minnesota Statutes 1986, Section 473.377, 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 Minnesota Statutes 1986, Section 473.408, 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 1985 Session Laws, First Special Session, Chapter 10, Article 2, Section 122 (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."

o 1987 Session Laws, Chapter 278, Section 26 (FARE RESTRICTION REPEALED) 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 repealed.

Laws 1985, First Special Session chapter 10, section 122, is repealed.

o 1987 Session Laws, Chapter 358, Section 3, Subdivision 7 The board may not allow the metropolitan transit commission to alter fare schedules existing on January 1, 1987, until the board has adopted a plan and policies on fares as required by Laws 1985, First Special Session chapter 10, section 30, and has submitted its plan to the senate transportation and finance committees and the house of representatives metropolitan affairs and appropriations committees for their review and comment.

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.
- o The MTC may not alter its fare schedules existing on January 1, 1987, until the RTB has adopted fare policies and has submitted them to the Senate Transportation and Finance Committees and the House of Representatives Metropolitan Affairs and Appropriations Committees for their review and comment.

#### 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 \$.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 \$.30 in 1978 to \$.60 in 1981. These fare increases were instituted by the need to increase farebox revenues to support the increasing service costs. Since 1981 the base fare has remained at the \$.60 level.

From 1970 to 1976, an extra \$.05 fare was applied to freeway express service. In 1976, this surcharge was raised to \$.10. It has remained at this level since that time. In 1982, an additional peak hour surcharge of \$.15 was implemented. This was done in response to the need for additional revenues within the framework established by the Minnesota Legislature. The legislation did not permit an increase in the base fare, but did allow for the imposition of a peak period surcharge not to exceed \$.15. 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.

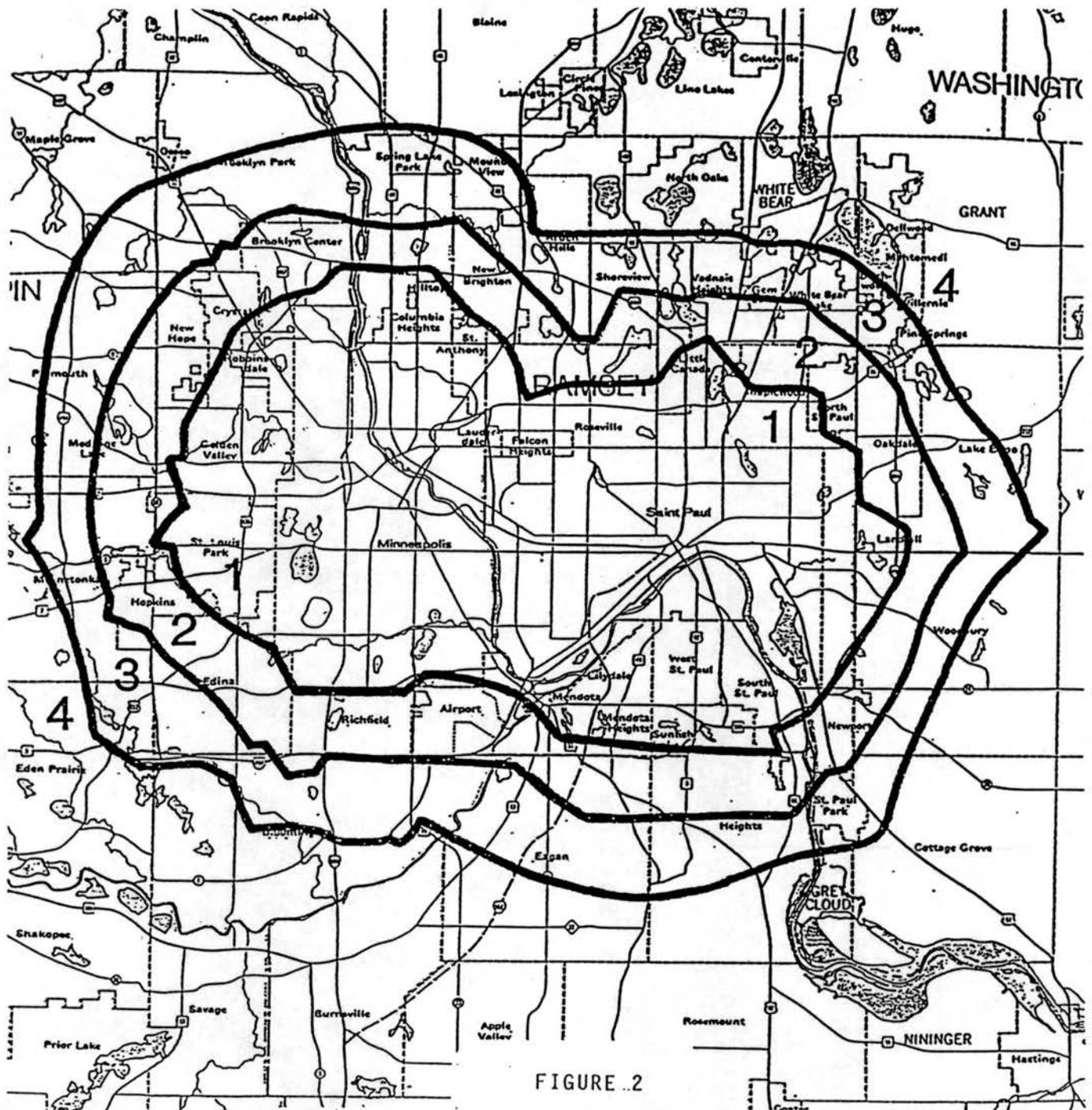
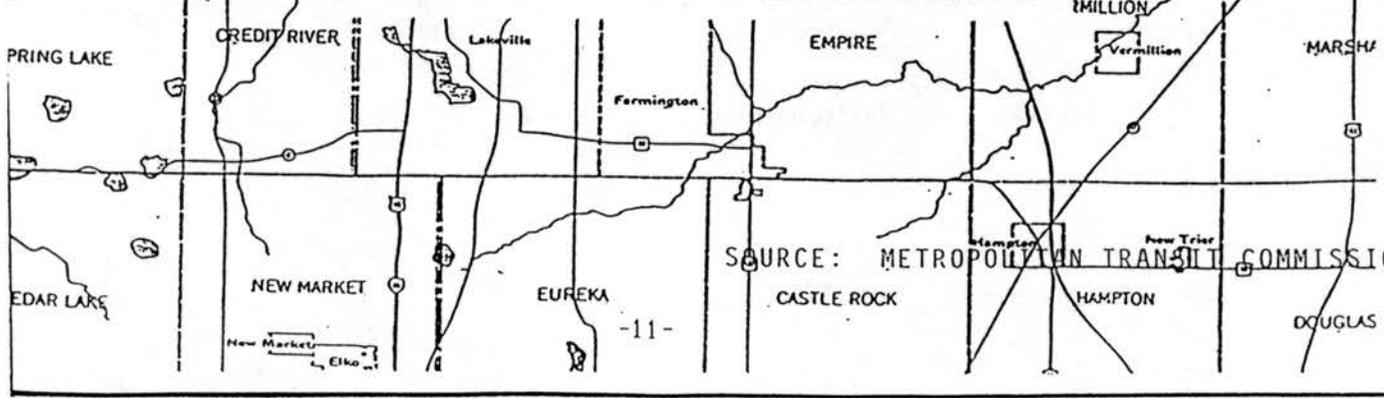


FIGURE 2

# 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

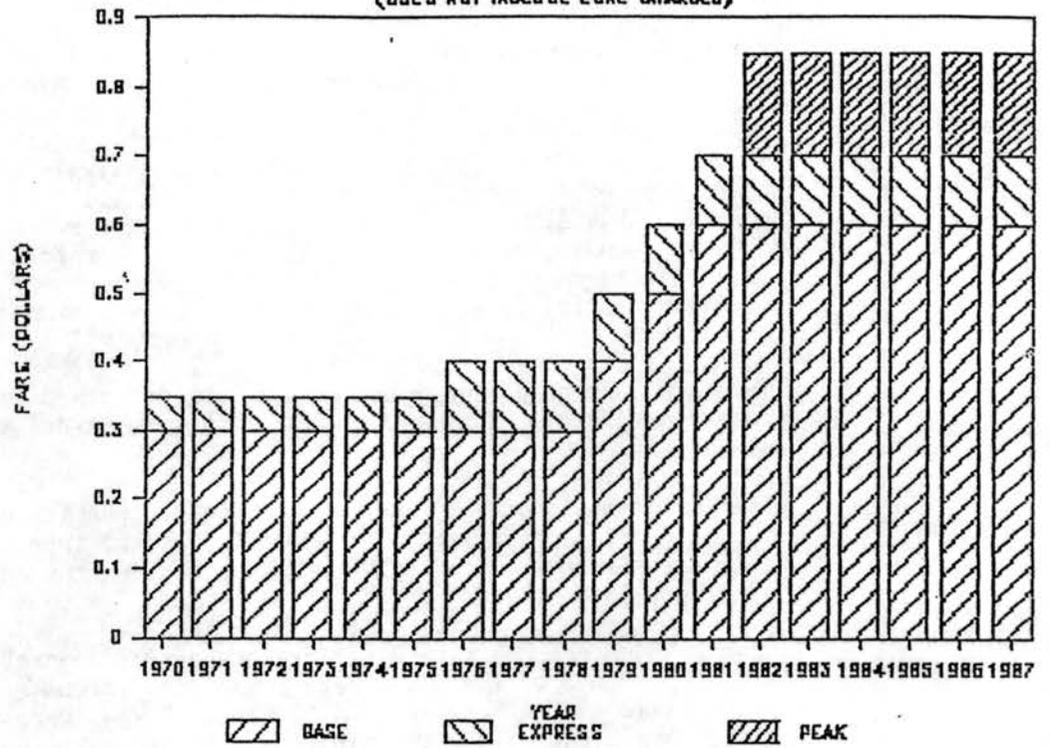
<u>Year</u>	<u>Base Fare</u>	<u>Express Surcharge</u>	<u>Peak Period Surcharge</u>
1970	\$0.30	\$0.05	
1971	\$0.30	\$0.05	
1972	\$0.30	\$0.05	
1973	\$0.30	\$0.05	
1974	\$0.30	\$0.05	
1975	\$0.30	\$0.05	
1976	\$0.30	\$0.10	
1977	\$0.30	\$0.10	
1978	\$0.30	\$0.10	
1979	\$0.40	\$0.10	
1980	\$0.50	\$0.10	
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

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.

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
  - Vanpool Service
  - \$12.50 per week
  - \$2.00 per trip
  
- o Columbia Heights Shared Ride Paratransit System
  - \$0.50 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:
  - \$0.50 within service area
  - \$1.00 outside service area
  - Trips over 30 miles increased fare according to miles
  
- o Westonka Community Services
  - \$0.50 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.

The use of promotional fares for special events or instituting new services are also used by most systems. These are usually tied into major service marketing activities, such as providing free or reduced fares for a short period of time on new service during special promotions.

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. Promotional fares should also be continued to be used in conjunction with transit service marketing activities.

## 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 provide a 35 percent farebox recovery ratio.
5. Fares for each RTB funded circulation service and general purpose paratransit service will at a minimum generate revenues to provide a 15 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. New services will be expected to show steady growth toward meeting the appropriate farebox recovery ratios within a reasonable period to be established in the management plan by the RTB.
8. 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.
9. Within the constraints of the recovery ratio, the fare structure and pricing levels will encourage ridership, especially where capacity exists.

10. 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.
11. The fare system will reflect societal policies of support for targeted socioeconomic groups, and not create undue economic hardship for transit dependent market groups.
12. Within the constraints of economic, equity and social considerations, the fare structure will be simple and easy to understand and administer.
13. The fare structure and pricing levels will be flexible to allow for promotional and experimental fares subject to RTB approval.
14. 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.
15. 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%	
		2. Provide revenue margin for service enhancement or financial flexibility	a. Revenue produced in excess of existing farebox recovery ratio		
		3. Maximize fare revenue generation from other sources such as employer subsidies	a. Fare instruments amenable to easy targeted public/private subsidy	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	
3. Encourage Ridership	a. Maximize overall ridership	1. Maximize ridership for given total fare revenues	a. Total passengers fare revenue	1.67	
	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%	

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 persons 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

APPENDIX B

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: June 30, 1987  
TO: Administration and Finance Committee  
FROM: Katherine Turnbull, Planning Manager *KT*  
SUBJECT: Adoption of the RTB Fare Policies and Procedures

SUMMARY:

This memorandum presents the comments received at the public meetings and correspondence received on the RTB's draft Fare Policies and Procedures. The response to these comments are outlined in the memorandum and the changes made to the Fare Policies and Procedures are noted. The final Fare Policies and Procedures are presented for committee and board action.

BACKGROUND:

On April 20, 1987, the Regional Transit Board approved the draft Fare Policies and Procedures for the Twin Cities Metropolitan Area for the purposes of obtaining public and provider comments. Four public meetings were held in early June to receive comments on the draft, and written comments were encouraged. Notices of the public meetings, which are noted below, were widely distributed.

- o June 1 - the public meeting was held at to the regular RTB meeting at 4:00 p.m.
- o June 2 - the public meeting was held at 11:00 a.m. after the regular RTB providers' meeting
- o June 8 - the public meeting was held at the Northtown Mall in Blaine at 4:00 p.m.
- o June 9 - the public meeting was held at the Pilot City Regional Center in Minneapolis at 4:00 p.m.

A total of 29 people attended these meetings, with 14 people actually speaking on the draft Fare Policies and Procedures. Three letters, from the MTC, the City of Shakopee and the Center for Independent Living, were also received. Copies of the minutes from the public meetings and the letters received are attached. The major comments from these are summarized below, along with the staff response. Changes made to the draft policies and procedures as a result of the comments are also noted.

Comment: The current legislation ties the 35 percent regular route farebox recovery ratio to the period January 1, 1987 through January 1, 1988. What will the RTB do after this requirement has expired?

Response: In developing the fare policies, it was the intent that the 35 percent regular route farebox requirement would continue after the legislative expiration date. To reflect this, the wording of Policy 4 has been changed to "Fares for overall regular route service will, at a minimum, generate revenues to provide a 35 percent farebox recovery ratio." The 35 percent farebox recovery ratio is consistent with that recommended by the Legislative Study Commission in 1984 and the RTB's Implementation and Financial Plan.

Comment: How does the application of the 35 percent farebox recovery ratio relate to suburban services, local circulation and new services? Should a different ratio be used for these types of services? How will services be defined?

Response: Based on the comments made concerning the proposed farebox recovery ratios for different types of services, the policies have been modified to add a new category for local circulation services with a 15 percent farebox recovery ratio. The paratransit farebox recovery ratio has been lowered to 15 percent and a growth period for new services to meet the ratios has been noted. The revised policies are as follows:

5. Fares for each fully RTB funded circulation service and general purpose paratransit service will, at a minimum, generate revenues to provide a 15 percent farebox recovery ratio.
7. New services will be expected to meet the appropriate farebox recovery ratios within a reasonable growth period to be determined by the RTB.

The 35 percent regular route farebox recovery ratio will be applied on a system-by-system basis, not on a route-by-route basis. The same holds true for the 15 percent farebox recovery ratio for general purpose paratransit systems and the 10 percent fare box recovery ratio for Metro Mobility providers. The point raised is a valid concern, as suburban and new services do have different operating cost and characteristics. These concerns will be addressed in the development of performance measures for the different types of services. It is anticipated that different regular route services such as crosstown, express, suburban and new services, will have different performance measures. The providers will be actively involved in the development of these performance measures. Work on this activity is currently being initiated. If the results of these activities indicate that changes should be made in the Fare Policies farebox recovery ratios, the Fare Policies and Procedures can be amended by the board.

Comment: How do two statements on fare integration between providers relate? The statements in question were "Uniform fare structure and pricing levels should be used by all regular route operators....Community and county programs should be allowed to establish fare levels to meet the need of their programs" and "The fare structure and pricing levels should be area wide, unified and internally consistent..." How will different fare levels affect metropolitan area transfer policies?

Response: The two statements are supportive of each other. The complete sentence on the second statement, which is Goal 1, is "The fare structure and pricing levels should be area wide, unified and internally consistent for similar types of transit services." The RTB's intent is further clarified in Policy 1 which states "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."

It is the intent of this policy to provide for a common fare system for all regular route and general public paratransit systems funded by the RTB. This system should provide for reciprocity of transfers among different providers.

Comment: The MTC's Transit Pricing Study addressed the concept of a common increment to be charged for all types of additional service including zones, peak hour and express surcharges and seniors, youth and handicapped riders. How do the RTB's policies deal with the use of a common increment?

Response: The RTB's fare policies do not specifically address the use of a common increment. However, Policy 11 states that "Within the constraints of economic, equity and social considerations, the fare structure will be simple and easy to understand and administer." The use of a common increment, which should make the fare structure more simple and more easily understood and administered, would not be in conflict with this policy if it meets the economic, equity and social considerations identified in other policies.

Comment: Is the two-zone system recommended in the MTC's Fare Pricing Study consistent with the RTB's Fare Policies?

Response: The RTB will have to analyze the specific MTC request for fare simplification and any changes in fare levels based on the adopted policies and procedures. At this time, the general approach suggested by the MTC appears to be consistent with the policies, depending on the specific recommendations for fare changes.

Comment: Should a discussion of promotional fares be included in the section on special fares?

Response: The section on special fares on page 32 has been expanded to include a discussion of promotional fares. This discussion is in keeping with Policy 12 which states "The fare structure and pricing levels will be flexible to allow for promotional and experimental fares subject to RTB approval." The following text has been added:

The use of promotional fares for special events or instituting new services are also used by most systems. These are usually tied into major service marketing activities, such as providing free or reduced fares for a short period of time on new service during special promotions.

Promotional fares should also be continued to be used in conjunction with transit service marketing activities.

Comment: How do the fare policies address the role of fares in keeping transit competitive?

Response: Policy 8 states that "within the constraints of the recovery ratio, the fare structure and pricing levels will encourage ridership..." Implicit in this policy of encouraging ridership, within fiscal constraints, is the recognition that fares are a factor in keeping transit competitive. In the trade-off between ridership enhancement and fiscal constraints, however, maintenance of the specific farebox recovery ratio will take first priority.

Comment: Fare revenues represent an important part of the funding for transit. How are fares viewed in relation to other sources of funding?

Response: The RTB agrees that fares represent an important part of transit funding. This importance is noted in both the Fare Policies and Procedures and in the Implementation and Financial Plan. The RTB's position, which is reflected in these documents, is that fares should account for approximately 35 percent of the overall funding for transit, with property taxes comprising 35 percent, the state accounting for 20 percent and the federal government accounting for 10 percent. The Fare Policies and Procedures identifies how the RTB will monitor the farebox recovery ratios on an ongoing basis.

FARE POLICIES & PROCEDURES

June 30, 1987

Page Five

Comment: Are social fare reimbursements considered in the farebox recovery ratio?

Response: The RTB is required to maintain a social fare program. The difference between the social fare and full fare levels will be considered in the farebox recovery ratio.

Comment: The City of Shakopee, both at the public meeting and in a follow-up letter, indicated that the fare policies, specifically the farebox recovery ratio, should not apply to "opt-out" communities. Shakopee argued that their service is funded solely from local property taxes and thus should not be subject to the RTB's policies.

Response: It is the intention that the fare policies and procedures cover all systems receiving funding from the RTB. This includes the "opt-out" communities which, even though their service is funded through property taxes, is under the jurisdiction of the RTB. The RTB is concerned with providing cost effective service in all of its programs, including the "opt-out" communities which may spend 90 percent of their tax levy on transit.

Comment: How were the farebox recovery ratios developed?

Response: The farebox recovery ratios for regular route, paratransit and Metro Mobility services were developed based on a review of local and national experience.

Comment: At two of the public meetings, individuals commented that the senior fare should not be raised, noting that many seniors live on fixed incomes and cannot afford higher fares.

Response: The fare policies and procedures do not address the actual fare levels, rather they provide the context within which the RTB will make decisions relating to the specific fare structures and pricing levels. These comments should be taken into consideration as the RTB reviews or initiates requests to change the fare structure and pricing levels.

Comment: A concern was raised with the definition of goals, policies and objectives used by the RTB.

Response: The definition of goals, policies and objectives used by the RTB are consistent with those used in the development of the Interim Implementation Plan and the Implementation and Financial Plan. There are a number of different approaches used in defining goals and policies. Those used by the RTB are consistent with other metropolitan agencies.

Comment: It was suggested that the section on the history of fare levels be expanded to provide more detail on the reasons for the increases.

Response: The following additional information has been added to Chapter III, Section A, (page 10) on the reasons for the fare increases for the three-year period between 1979 and 1981:

From 1970 to 1976, an extra \$0.05 fare was applied to free-way 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 was done in response to the need for additional revenues within the framework established by the Minnesota Legislature. The legislation did not permit an increase in the base fare, but did allow for the imposition of a peak period surcharge not to exceed \$.15. This surcharge has remained in effect since that time.

Comment: A question was asked if the \$.30 off-peak fare for handicapped individuals includes those with mental handicaps.

Response: Currently, individuals with mental handicaps do not receive the lower off-peak fares. However, new classifications by the Urban Mass Transportation Administration seem to indicate that this group should be included in the reduced fare for handicapped category.

Comment: It was suggested that there is no connection between people and the policies.

Response: The policies and the issues discussed in Chapter VII do show the important link between people--transit riders, transit dependent groups and non-riders who benefit from the system--and the fare structure and pricing levels. The link between the needs of the different market groups are reflected in the policies, especially Policy 10 which states "The fare system will reflect societal policies of support for targeted socio-economic groups and not create undue economic hardship for transit dependent market groups." These concerns are further reflected in the evaluation framework which contains measures to gauge the impact of different fare scenarios on the different transit market groups.

Comment: How will regular route and paratransit services be defined?

Response: Regular route services are defined as those with fixed routes and fixed schedules. This includes services provided by the MTC, Medicine Lake Lines and North Suburban Lines, and the regular route portion of Plymouth Metrolink and Southwest Metro. Paratransit services are defined as those services such as dial-a-ride, circulators, feeders, route deviation and other non-regular route operations as designated by the RTB. Subscription services could fall into either category, depending on the type of service offered.

Comment: What will happen if the farebox recovery ratio is not met?

Response: The procedures outlined in Chapter IX identify the steps that will be taken if the farebox recovery ratio is not met. The farebox recovery ratios will be monitored on an annual basis. Not meeting the farebox recovery ratios will trigger a review of the current fare structure and pricing level. If adjustments or changes are necessary, the RTB, with input from the operators, will evaluate alternative fare structures and pricing levels utilizing the adopted fare evaluation framework. Any recommended changes would then go through a public participation process before a final decision is made.

Comment: The Metro Mobility fare structure is confusing for trips over eight miles. How does this relate to the fare policy on a simple and easy to understand and administer fare structure?

Response: The Metro Mobility evaluation currently underway will be looking at fares as one element of the study. Based on the results of the study and the annual farebox recovery monitoring, changes may be recommended in the Metro Mobility fare structure.

The 1987 legislation included the following provision relating to the RTB's Fare Policies and Procedures:

The board may not allow the metropolitan transit commission to alter fare schedules existing on January 1, 1987, until the board has adopted a plan and policies on fares as required by Laws 1985, First Special Session chapter 10, section 30, and has submitted its plan to the senate transportation and finance committees and the house of representatives metropolitan affairs and appropriations committees for their review and comment.

FINDINGS AND CONCLUSIONS:

- o The RTB has developed a set of draft "Fare Policies and Procedures for the Metropolitan Area" in response to specific legislative requirements.
- o The RTB has allowed for public, provider and agency comment on the draft Fare Policies and Procedures.
- o The RTB has made revisions in the draft Fare Policies and Procedures in response to specific comments received during the public participation process.

RECOMMENDATION:

That the Administration and Finance Committee recommend that the Regional Transit Board (RTB) adopt the Fare Policies and Procedures for the Twin Cities Metropolitan Area. Further, that the RTB submit the Fare Policies and Procedures to the Senate Transportation and Finance Committees and the House of Representatives Metropolitan Affairs and Appropriations Committees for their review and comment as required by the 1987 legislation.

Attachment  
kft000/3

Minutes of the Public Meeting  
RTB Fare Policies  
Metropolitan Council, Room E  
June 2, 1987  
11:00 a.m.

Persons Attending the Public Meeting:

Barry Stock, City of Shakopee  
Della Madison, 1059 Shryer Ave., Roseville, MN  
Peter Fleck, Morley Bus Co., Suburban Paratransit, 5701 Normandale Rd., 55424  
Sue Weir, Red Cross, St. Paul, MN  
Hugh Faville, 1835 Alta Vista Dr., Roseville, MN 55113  
Frank Boyles, City of Plymouth, Metrolink  
Wendell Cox, Medicine Lake Lines  
Jim Johnson, Medicine Lake Lines  
James LeTourneau, Yellow Taxi Service, 634 Monroe St., Mpls., MN  
Bob Janecek, Transportation Management Inc., P.O. 14784,  
2812 University Ave. SE  
Sarah Lenz, Wilder Foundation, 221 South Exchange, St. Paul, MN 55102  
Beverly Miller, Southwest Metro, 7600 Executive Dr., Eden Prairie, MN  
Alison Fuhr, RTB Member  
Katherine Turnbull, RTB  
Tom Beaver, RTB  
Judith Hollander, RTB  
Cindy Fish, RTB  
Shiela Speltz, RTB

Alison Fuhr opened the meeting noting it was a public meeting to receive comments on the proposed RTB fare policies. She introduced Katie Turnbull, RTB Planning Manager who reviewed the proposed fare policies and procedures.

Comments

Barry Stock, City of Shakopee:

Mr. Stock asked what the definition of regular route transit services was. He questioned what the RTB guidelines for subsidy allocation are, as mentioned in policy no. 3. In referring to policy no. 5, Mr. Stock questioned RTB funding for opt-out communities, such as Shakopee. The City of Shakopee receives 90% of their tax dollars back for transit, and does not consider this RTB funding. He stated his position is that opt-out communities should not have to maintain a 20% farebox recovery ratio since it is not RTB funding. Instead, these communities should have a 0% recovery ratio.

Peter Fleck, Suburban Paratransit:

Mr. Fleck suggested that policy number 11, which relates to simplicity, should be used to review the Metro Mobility fare structure. Metro Mobility fares are easy to understand if one is traveling under 8 miles as the flat fare applies. However, over 8 miles, it becomes very confusing to determine the fare due to what different providers charge and to the zone system used. Mr. Fleck indicated that they do not charge additional fares over

eight miles but other companies, including some they refer passengers to if they cannot fill a ride, do. This can be very confusing to passengers. He suggested that since there are some 19 companies providing Metro Mobility service, there could be 19 different approaches to fares.

Frank Boyles, City of Plymouth:

Mr. Boyles also asked for a definition of regular route service and paratransit service. He noted that the service in Plymouth is a hybrid, neither regular route or paratransit service. Mr. Boyles stated that the policies may discriminate against suburban paratransit systems which are typically small systems. The 35% recovery ratio would be difficult to attain for these systems, particularly the opt-out systems. He questioned if it was necessary to have measures for these systems.

He suggested a recovery ratio determined by population density or ridership averages. Additionally, he questioned how the farebox recovery ratio was calculated, noting that it should be done on a route-by-route basis. He questioned how comparisons would be made between large and small systems and suggested that smaller systems would be at a disadvantage. He also asked what will be included in the costs and suggested that all costs need to be included.

Mr. Boyles also questioned what happens if the recovery ratio is not met, would it then be competitively bid or would the service be cut? Mr. Boyles questioned who decides who gets free rides, such as the uniformed officers. He stated that the social fares should only be used during off-peak hours, not during the peak hours. Lastly, he questioned the rate-setting period described in goal 13. He suggested setting them for a certain period of time so riders will know what they have to pay.

Jim Johnson, Medicine Lake Lines:

Mr. Johnson agreed with the need for a regional fare policy. There is a need to eliminate confusion and simplify fares on a regional basis.

Mr. Johnson stated that the farebox recovery ratio should be looked at on a regional basis, not a system basis, so as not to discriminate against the smaller systems, especially those in suburban areas. It is necessary to use all costs. Smaller suburban systems may have difficulty meeting the requirements.

Mr. Johnson also suggested that the recovery ratio be determined by densities, such as passengers per mile. The RTB should take into account the length of the ride and the lower population densities for suburban service. He also stated that the review period should be tied to the funding period and suggested the biennial review was best. He also suggested adopting fares for a period of time and putting the burden of proof on the legislature, not the RTB.

Beverly Miller, Southwest Metro:

Ms. Miller questioned where new systems fit in. She suggested that new systems cannot meet the 20% or 35% recovery ratios. Policies should be set for new systems. Ms. Miller also noted the problems of the suburban areas with low population densities and lower ridership.

Minutes of the Public Meeting  
RTB Fare Policies  
Northtown Mall, Community Room  
June 8, 1987  
4:00 p.m.

Persons Attending the Public Meeting

Claudia Hulleman, Anoka State Hospital  
John Wilson, Anoka State Hospital  
Floyd Solt, 2243 Rainbow Ave., New Brighton, 55112  
Catherine Solt, 2243 Rainbow Ave., New Brighton, 55112  
Helen Skrebes, 554-23rd Ave. NW, New Brighton, 55112  
Bernie Skrebes, 554-23rd Ave. NW, New Brighton, 55112  
Marlys Perry, 3544 New Brighton Road, New Brighton, 55112  
Mary Nelson, 3227 Ulysses St. NE, Minneapolis, 55418  
Jerry Nelson, 3227 Ulysses St. NE, Minneapolis, 55418  
Diane Harberts, Anoka County  
Natalie Haas-Steffen, Anoka County Commissioner, Anoka 55303  
El Tinklenberg, Anoka County, Anoka 55303  
Tony Bechtold, 8738 Tyler Street NE, MTC  
Elliott Perovich, RTB Chairman  
Ruth Franklin, RTB Member  
Rochelle Graves, RTB Member  
Greg Andrews, RTB  
Katie Turnbull, RTB  
Cindy Fish, RTB  
Tom Beaver, RTB  
Jan Hennings, RTB

Ruth Franklin opened the meeting noting that it was a public meeting to receive comments on the proposed RTB fare policies. She introduced RTB members and staff in attendance. Katie Turnbull, RTB Planning Manager, reviewed the proposed fare policies and procedures, noting that the fare policies are policies to govern the fare structure, not to set specific fare rates.

Comments

Bernie Skrebes:

Mr. Skrebes commented that he thought this was a meeting to set fares. His comments were that there have been complaints on charging \$0.10 for seniors. He noted that some seniors do pay the full fare, but there are some who can't pay the ten cent fare. He suggested that seniors could pay whatever fare they could afford.

Claudia Hulleman:

Ms. Hulleman represents the Anoka County Metro Regional Treatment Center. She commented that it is important for fares not to be increased. At the Metro Regional Treatment Center residents are allowed \$40.00 per month and are encouraged to spend time in the community. Their only means of transportation is the bus. The RTB should look at the special needs of the residents and their need for reduced rates.

John Wilson:

Mr. Wilson, also from the Metro Regional Treatment Center, noted that the MTC grants a \$0.30 fare for the physically disabled population, and questioned if this includes the mentally handicapped.

El Tinklenberg:

Mr. Tinklenberg questioned the if the farebox recovery ratio varies by population density or across the board. Katie Turnbull responded that the RTB will be looking at performance measures for different kinds of services. It is anticipated that different performance measures will be developed for different types of services.

Natalie Haas-Steffen:

Ms. Steffen commented that the suburbs subsidize more cost of the routes than the central cities. The RTB should look at the fare history and where the costs are going.

Bernie Skrebes:

Mr. Skrebes questioned if anything has been done on fare zones. Katie Turnbull responded the MTC's Fare Pricing Study looked at different zone structures and recommended simplifying the current system. No formal action has been taken, however, and any changes would have to be examined based on the RTB's Fare Policies and Procedures.

Representative from New Brighton Sr. Citizen Center:

Commented that fares should not be increased for seniors. The senior fare is only during the midday from 9:00 a.m. to 3:00 p.m. During that time period, the buses aren't that crowded and the seniors aren't taking seats away from anyone. Although \$0.10 is a small fare, it isn't to alot of seniors.

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Mary Jo Nichols:

Ms. Nichols distributed copies of her testimony. Her concern deals with the definition of goals, objectives, criteria and measures used in the document. She noted that goals should reflect a commitment on the part of the goal writer to achieve certain things. Objectives and criteria should not be used interchangeably. This allows for the document to be interpreted incorrectly. Ms. Nichols noted that the discussion on fare history should be expanded, so that we don't find ourselves in the same situation again. The RTB guidelines for subsidy allocation should be more thoroughly explained along with the identification of funding sources and what are the RTB's short-range and long-range goals for this subsidy. She questioned what the impact will be if the farebox recovery rates are not met. Would fares increase? Additionally, she question how the farebox recovery ratio was determined.

Millie Miller:

Ms. Miller questioned if the MTC receives Title III funds. Katie Turnbull responded that the MTC does not, but some of the smaller community and county systems do. Ms. Miller also questioned when the RTB will look at a fare change.

Carol White:

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Ms. White questioned if the RTB is looking at other financial resources to offset fare increases if funding is short. Elliott Perovich, RTB Chairman, responded that the existing programs were funded almost at the level requested by the 1987 legislature.  
  
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Minutes of the Public Meeting  
RTB Fare Policies  
Pilot City Regional Center, Canteen Room  
June 9, 1987  
4:00 p.m.

Persons Attending the Public Meeting

Mary Jo Nichols, 1821 University Ave., Suite 350, St. Paul, Metropolitan  
Center for Independent Living  
Millie Miller, 6550-67th Ave. No., Brooklyn Park, Committee on Transportation  
for the Elderly and Handicapped, Metropolitan Transit Commission  
Carol White, 1130 Nicollet, Minneapolis, MN 55403, YWCA  
Donna Allan, Minnesota Dept. of Transportation  
Elliott Perovich, RTB Chairman  
Rochelle Graves, RTB Member  
Alison Fuhr, RTB Member  
George Isaacs, RTB Member  
Doris Caranicas, RTB Member  
Judith Hollander, RTB  
Katie Turnbull, RTB  
Cindy Fish, RTB  
Tom Beaver, RTB  
Jan Hennings, RTB

Rochelle Graves opened the meeting noting that it was a public meeting to receive comments on the proposed RTB fare policies. She introduced RTB members and staff in attendance. Katie, RTB Planning Manager, reviewed the proposed fare policies noting that the proposed policies are to govern the fare structure, not to set specific fares.

Comments

Millie Miller:

Ms. Miller commented that many senior citizens are on limited incomes and don't have a lot of money. Taking away the \$0.10 fare would cause many of these people not to be able to ride. Transportation is an important element in their lives. Without the senior fare, many would not be able to afford that freedom.



1821 University Avenue  
Suite N350  
St. Paul, MN 55104  
612/ 646-8342 646-6048 TDD

June 9, 1987

My name is Mary Jo Nichols. I'm the Support Service Coordinator with the Metropolitan Center for Independent Living. I have a few general concerns to address before making specific comments on the draft document entitled "Fare Policies and Procedures for the Twin Cities Metropolitan Area." These concerns are in response to definitions for goals, objectives and criteria and measures that appear on page 40 and then to the list of objectives, criteria and measures on pages 40 to 44, inclusive.

Goals are general statements and while all goals are not 100% attainable, they should be, for the most part, achievable. They will be if reality plays a significant role in their development; they will not be if reality is given only passing consideration.

Goals can be somewhat abstract in the sense that they consider the past, are written in the present, and anticipate the future. They should be realistic, and they will be if they look directly at and into existing problems and barriers, consider the likelihood of resolving the problems and removing the barriers, and commit to working with the problem-solvers and barrier-removers to better assure that desired goals are achieved.

They should reflect a firm commitment on the part of the goal writer to achieve, barring the presence of forces and circumstances beyond any one person's control. The absence of foresight, the lack of effort and creativity should never play a role in the failure to achieve.

Goals that are written as statements of values are disturbing in that it is not within the parameters of any agency to determine values. Goals will be representative of the needs of all persons who will be using services if they reflect and respect the concerns and input of those persons. Objectives should be steps toward meeting goals rather than end results; the term is not interchangeable with the term "criteria", and yet the listings on pages 40 through 44 indicate the contrary.

Having worked with the transportation issue for more than a year now, it's apparent that the communication gaps will not be narrowed until we have hurdled the language barrier. If what appears in written format is not what it appears to be, and if we are consistently interpreting documents, such as this one, incorrectly, then we believe that clarity and specificity are immediate goals that must be reached before we can move on to the business at hand.

I would now like to make a few comments and suggestions on the document itself.

In reviewing the history of fare levels and the increases that occurred over a three year period of time, with plateaus before and after, there is need to expand upon that discussion. In establishing a future direction for fare policies, it seems relevant to consider the factors that precipitated the first increase along with factors and conditions that may have contributed to two additional increases within a short span of time. That knowledge could certainly lend itself to making some comparisons between then and now, and drawing reasonable conclusions on which to base policies.

It's difficult to comment on the fares for community and county programs without knowing what the RTB guidelines are for subsidy allocations. It would be extremely helpful to identify the funding sources, what percentage of subsidy is provided by the RTB presently, what criteria would be utilized in determining an increase or decrease, what are the RTB's short-range and long-range goals to continue this subsidy and how that would vary depending on fluctuations in other bases of financial support.

There is no doubt that our transportation system is complex and issues of cost-effectiveness and administrative ease will always be critical. It most certainly makes sense to develop a fare structure that can be easily understood by the riders and a system that will facilitate boarding of buses, but all is for naught if the actual fares levied will place transportation out of reach for more and more persons. Please remember that the general population is aging and with an increasing number of senior citizens comes an increasing number of persons with greatly reduced incomes - many of these will become transit-dependent.

Transportation is not a luxury, but must be added to the basic needs for survival list. This fact and the aging population should together set a tone and become one of the bases on which to develop realistic and reasonable fare policies. Unfortunately, there is no apparent connection between people needs and the policies and procedures that are set forth in this document.

The discussion of specialized fares is obviously in the context of those persons who qualify for reduced fares but are able to use main-line transportation. While we recognize that Metro Mobility is a specialized system and offers a different kind of service, and while it is seemingly segregated from the total metro transportation system, it will no doubt be affected by any changes in fares. In this regard, we must be concerned as any increases in Metro Mobility fares will seriously and adversely affect the ability of persons with disabilities to access the only transportation alternative they have.

Lastly, we are unaware of the criteria used to determine the fare-box recovery ratio for Metro Mobility. Whether or not this is being met is one matter. A larger issue would surface if it is not being met and the ultimate impact this might have on persons with disabilities.

Fare policies must be established that truly consider user equity. Fare structures and pricing levels that are instituted in order that business may continue with benefits as prescribed by the policymakers will not be equitable policies.

*J. P. Turney*

  
METROPOLITAN TRANSIT COMMISSION  
560-6th Avenue North, Minneapolis, Minnesota 55411-4398 612/349-7400

June 9, 1987

Mr Gregory L Andrews  
Executive Director  
Regional Transit Board  
270 Metro Square Building  
Saint Paul, MN 55101

Dear Greg:

RE: Comments - RTB Fare Policies & Procedures for the Twin Cities  
Metropolitan Area.

The following comments are in response to your request for public comment on the above noted draft policies and procedures by local providers of transit.

Revenue (p 33)

"Regular route services should meet the legislative requirement for a 35 percent farebox recovery ratio."

MTC recognizes that the 35 percent farebox recovery ratio requirement expires January 1, 1988, but also anticipates that the RTB will establish a guideline in the future.

The issue is social fare reimbursement. MTC's "farebox only" recovery ratio is approaching the 35 percent limitation. The draft fare policy does not address the existing procedure whereby MTC augments the farebox recovery ratio by inputting social fare reimbursement. The RTB fare policy should clarify the procedure for computing the farebox recovery ratio and should take a formal position regarding social fare reimbursement.

Fare Integration Between Providers (p 37)

"Uniform fare structure and pricing levels should be used by all regular route operators.... Community and county programs should be allowed to establish fare levels to meet the need of their programs...."

(p 39) 1. "The fare structure and pricing levels should be areawide, unified and internally consistent...."

These two statements appear to conflict. Is the intent one fare structure for regular route, one for suburban circulator, etc., or may each county/community establish fare levels based on need? In addition, the issue of uniformity in fare structure and pricing levels needs clarification as differing fare levels will affect metro area transfer policies.

Mr Gregory L Andrews  
June 9, 1987  
Page Two

#### Common Increment (p 22)

An important element of the fare structure adopted by the MTC in August 1986 was the concept of common increment to be charged for all types of additional services, including zones, peak hour and express service, as well as setting the fare for seniors, youth, and handicapped riders.

The draft fare policy does not address the concept of a fare structure with a common increment. MTC interprets the silence as an indication that a fare structure with a common increment would not be in conflict with the RTB's fare policy.

#### Fare Structure (p 31)

"Distance-based fares are more appropriate for use in the Twin Cities...."

The RTB's proposed policy is consistent with MTC's recommended fare structure providing RTB continues to agree that a two zone system (with one zone boundary) conforms to the requirement of "distance-based fares." If a two-zone system may not conform, the policy should clarify "appropriate zone structure."

#### Promotional Fares (p 32)

The draft fare policy addresses specialized fares for specific socio-economic groups. Special fares for promotional purposes (transit, sports events, civic events, etc.) may be appropriately addressed in this section.

#### Competition

The fare policy document does not address the role of fares in keeping "transit competitive." Fares, under this policy, could play a role in making transit more or less competitive with the private automobile. Also, fare levels and structure could impact the ability of different modes of public transit to compete with each other. It may be appropriate to indicate direction in regards to fares and their role in promoting competitive transit.

#### Funding

Fares are an integral part of MTC's transit funding. What is the RTB policy in regards to fares as funding? Does the RTB favor increasing the role of fares as generating funds, or is the future of transit dependent on decreasing the rider's financial obligation? Should fares play a role in competition by allowing providers to keep fares above an established ridership or dollar level. With both public and private operators in the Twin Cities transit arena, it seems appropriate to address the issue of fares as funding/profit under this policy.

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Mr Gregory L Andrews  
June 9, 1987  
Page Three

Summary

The MTC appreciates the opportunity to comment on the RTB's proposed fare policy. The MTC is supportive of the policy and looks forward to implementing a simplified fare structure consistent with RTB's adopted policy. A request for revising MTC's fare structure is included in the 1988 MTC Budget request which will be submitted to you in July. I would like to commend the RTB staff on this draft policy. I would also like to express MTC's desire to improve and simplify the existing regular route fare structure under the guidance of the RTB fare policy.

Sincerely,



Beverly J Auld  
Assistant Chief Administrator  
for Administration

BJA:jw

cc. Chairman Frank Snowden  
Commissioner Carolyn Cochrane  
Commissioner Glenn Olson  
John Capell  
Elliott Perovich, Chairman, Regional Transit Board

# CITY OF SHAKOPEE

INCORPORATED 1870

129 EAST FIRST AVENUE, SHAKOPEE, MINNESOTA 55379-1376 (612) 445-3650



June 5, 1987

Katherine Turnbull, Planning Manager  
Regional Transit Board  
Suite 270  
Metro Square Building  
St. Paul, MN 55101

RE: RTB's Draft Fare Policies and Procedures

Dear Ms. Turnbull:

On behalf of the City of Shakopee, please accept these comments with regard to the RTB's proposed fare policies and procedures.

The City of Shakopee is very concerned about the fare box recovery ratio currently being proposed by the RTB. As an opt-out community, the City of Shakopee's transit program is funded 100% by local property tax payers and local fares. The opt-out law allows Shakopee to expend 90% of the local transit tax dollars generated in our community on our local transit system. The remaining 10% supports metro area transit systems that are currently receiving State and Federal transit aid.

Without Federal or State transit aides, our transit system has not even required the full 90%. (Therefore, Shakopee property tax payers have contributed more than the 10% minimum.) The current 1.2 mill levy generates over \$200,000. In 1987 our total transit budget was \$155,000. Therefore, approximately \$25,000 in Shakopee property taxes went to support other metro systems.

Our existing program is operating very effectively and is meeting the needs of our residents. If we can meet the needs of residents as we have been doing for the past four years with low fares and still require less than the full 90% we're allowed to operate on, why should we be forced to meet a fare box recovery ratio imposed on transit systems that benefit from State and Federal subsidies?

If the RTB would provide Shakopee with the ratio of Federal and State aid that other systems in the metro area are receiving and support legislation to correct the technical flaws in the transit tax feathering provisions, Shakopee could support a standardized fare box recovery policy.

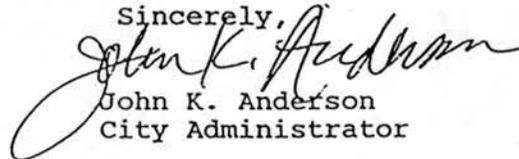
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We find it quite ironic that the RTB will not extend a fare share (ratio) of State and Federal transit aid to opt-out cities, will not support corrections to the transit tax feathering laws, but would consider extending a standard fare box recovery ratio to opt-out cities. What a blatant double standard!

Please call me or Barry Stock at 445-3650 if you will not be incorporating our comments as amendments to the final draft of the RTB's Fare Policies and Procedures.

Sincerely,

  
John K. Anderson  
City Administrator

CC: Senator Robert Schmitz  
Representative Becky Kelso  
Senator Clarence Purfeerst  
Senator Gary Decramer  
Representative Henry Kalis  
Representative Robert Jenson  
RTB Chairman Elliot Perovich  
Mayors Chaska  
Chanhassen  
Eden Prairie  
Plymouth  
Burnsville  
Prior Lake  
Savage

JKA:trw