Portland Streetcar Citizens Advisory Committee Meeting
Wednesday, November 6, 2013, 3:30-5:00 p.m., City Hall, Pettygrove Room

Members in Attendance: Owen Ronchelli, Chair; David Brandt; Carolyn Brock; Bill Danneman; Peter Kilbourne; Arlene Kimura; Sue Pearce; Zoe Presson; Bob Richardson; Vern Rifer; Richard Ross; Ian Stude

Staff Attendance: Kay Dannen, Julie Gustafson, Rick Gustafson, Grant Moorehead

Guests: Lenny Anderson, Reza Farhoodi, John Sporseen

1. Meeting to Order:
   Owen Ronchelli, chair, called the meeting to Order. The minutes from the October 2, 2013 meeting were approved.

2. Public Comment
   Grant Moorehead of PBOT told the committee about the Comprehensive Plan Map App that allows people to go online and look at all of the discussion layers that are part of the Comprehensive Plan Update. The transit layer on the app includes all of the Streetcar System Plan corridors and the comments from this process will be incorporated into the priority rankings of the various alignments. There will be a detailed demonstration at the December meeting. The web address will be emailed out to all of the CAC members. The Map App can be found at http://www.portlandbps.com/gis/cpmapp/ . Sue Pearce commented that the site is amazing. Pearce added that to get your comment heard it may be good to also email the comment to the planning commission as well as commenting on the app.

   Lenny Anderson introduced himself to the committee. He is the Director of the Swan Island Business Association and will soon be finishing up his tenure. He is a big fan of the streetcar and will be attending more of the CAC meetings hoping to get involved. John Sporseen also introduced himself as a former Portlander who has moved back home. He remembers riding the streetcar as a child in Portland and remembers his father cursing the people that were ripping out the old streetcars saying that someday they would be kicking themselves for having done that. Sporseen added that he originally had a question about the Jasmine Block work but has had that answered since. He also requested being included on the email with the Comprehensive Plan Map App link.

3. Fare Discussion
   Owen Ronchelli summarized the discussions over the past few months on the fare discussion. Ronchelli congratulated Kay Dannen and Julie Gustafson on the great job they have done over the past couple of months reaching out to the citizens along the Streetcar line with numerous public meetings. Ronchelli emphasized the importance of the CAC voicing their opinion as they are essentially the voice of the citizens riding the Streetcar system. Julie Gustafson noted that the comments were very similar at each meeting and that the only major difference was which fare level was supported. There was a strong preference for waiting until September 2014 to make the change as it would be tied to a service improvement rather than in January. There was a concern expressed by both east and west siders that a drastic increase would decrease the amount of riders travelling from one side of the river to the other which could impact the vitality of the business communities on both sides. Bob Richardson commented that he would like to give a big pat on the back to the staff as there were more than 14 meetings held in a month and the majority of those meetings were at night which addresses a complaint he hears frequently that public meetings are often held during the day when people who work a 9-5 job have a hard time attending a meeting.
Ronchelli reminded the committee that Streetcar is looking at some budget shortfalls in the coming years and that part of the conversation is the change from a predominately free system to a system that is 100% in a fare zone and that the $1 fare was always supposed to be an introductory fare. As part of this conversation we want to generate more revenue to help fill that gap. Ronchelli stated that he is encouraged by the current ridership counts where ridership had a significant jump from the Spring numbers. Ronchelli stated he would like to get to how the committee members feel about three questions: 1) Should the fare change at all?; 2) How much should the fare be?; 3) When should it occur?. Ronchelli reviewed some of the data that was included in the CAC Agenda packets. Approximately 41,000 Streetcar Only tickets are sold each month at the current $1 fare or $41,000. The study provided from EcoNW showed that there is estimated to be 37,000 tickets sold at the $1.50 fare which would bring in approximately $55,500, or around $14,000 - 15,000 more than with the current fare. Over 12 months that could add up to $170,000 in additional revenue. The study also showed that the $2 fare would result in around 34,500 tickets sold or approximately $69,000 monthly revenue at an increase in revenue of up to $336,000 annually. The increase in revenue is not insignificant. Arlene Kimura asked if the projection on the revenue is a 12 month projection or a 6 month projection as when people become more used to the fare increase ridership may increase again. Ronchelli responded that people have gotten in the habit of almost expecting a fare increase, at least in terms of TriMet, in September and that he believes it may be more seamless than we would think. Kimura added that an initial drop would be expected, but then you would recover.

David Brandt stated that one of the things that surprised him about all of the budget numbers is comparatively how small the revenue from the $1 fare is compared to the overall $10 Million budget and that the revenue gain of $124,000-$400,000 is only around 1% to 5% of the budget. The question that keeps coming around to Brandt is if the fare increase is worth it in the big picture. Rick Gustafson responded that $300,000 would buy two operators and that we have the opportunity next year to change from 18 minute CL frequency to 14 minute frequency and it would take two operators to make that happen. Gustafson stated that an interesting proposal would be to schedule the CL Line at 14 minute frequency during the peak service hours of 10am to 7pm which would, in turn, align the service on 10th and 11th downtown to provide an even spacing of 7 minutes rather than the bunched service today but to make that change in coordination with an increased fare that would raise the revenue needed to make the change. Admittedly the increase would only impact the 14% of the riders who purchase the Streetcar Only fare. Gustafson added that increasing the fare is more meaningful than he had anticipated as $300,000 increased revenue may also be able to garner additional political support for better service.

Sue Pearce stated that her original comment of her concern over the loss of the philosophy of encouraging alternate transportation and a concern over the potential loss in ridership have been tempered somewhat by the discussion so far. Ronchelli responded that Pearce’s comments are a good reminder and a good grounding of the ultimate goal is for the conversation moving forward as we are not in the business of “generating revenue” but rather of transporting people and encouraging growth and density and livability along the alignment. Julie Gustafson pointed out to the committee that even without the CL Line ridership, which does include ridership along 10th & 11th that would have been NS Line riders before, the NS Line ridership is slightly higher than it was in 2012 prior to instituting the $1 fare. Pearce added that at the CEIC Land Use meeting yesterday they heard about around 600 housing units that are planned around the intersection of E Burnside and Grand/MLK which will only include parking for about 1/3 of the units. This parking ratio is made possible due to the intersection of Streetcar and bus routes in this area.
Peter Kilbourne asked if there has been discussion about also working to increase fare enforcement and decrease fare evasion. Rick Gustafson responded that it is absolutely part of the plan but reminded the committee that the fare evasion rate is around 6%. 25 warnings have been issued and we have yet to encounter our first repeat offender. Surveys prior to the institution of the $1 Streetcar Only fare showed around 20% fare evasion. Richard Ross commented that it may have been more fare confusion than fare evasion. Gustafson added that people are now paying more attention to having a valid fare and know what a valid fare is and how to present it when asked. So far the enforcement/citation process has been very civil.

Richardson asked if Streetcar would entertain a proposal to tie the service increase to the fare increase so that it could be advertised as this is when the fare goes up and this is when the service improves. Gustafson responded that he is sorry he was unclear as that is exactly what he would like to see happen. It is very valid to propose increasing the fares June 1, 2013 in conjunction with increasing service June 1, 2013. Richardson asked if the EcoNW evaluation takes into account the potential for increased ridership with improved service. Gustafson responded that it does not. The evaluation uses the formula based on the elasticity in ridership experienced around the country when fares are raised. What you may have some riders moving to a different fare medium as there is so many different ways to have a valid fare. Some riders may see the benefit to a $200 or even $250 annual pass when they start paying $2 for every ride. Of course the $250 pass was based on the $1 fare. All of the other Streetcar fares will most likely be evaluated long term. Richardson asked if the revenue is not there would service be dialed back after 4-5 months or if there would be some other way to maintain that frequency. Gustafson responded that there are never promises but that budget management is dedicated to preserving the service level. Last year other things were sacrificed to maintain the service level and come in under budget even though we had less revenue than was projected. This year projections were based on experience rather than modeling and we are surpassing projections. Gustafson added that the dedication has consistently been to provide service.

Vern Rifer recommended that the committee not get carried away by the increase in ridership but to look at the numbers of tickets sold on board the streetcar as in August and September they were at their lowest levels since 2012. Rick Gustafson responded that during those two months there were a lot of interruptions of service due to construction where bus bridges were run for a week or longer on both lines rather than running streetcars. Also, the numbers of tickets sold at the platform TVMs has increased dramatically over 2012 numbers as people have learned the machines. Rifer added that the EcoNW study does not take into consideration any changes to other payment methods and that ridership may fall off even more than the numbers seen in this study. From the very beginning 20 years ago Rifer has always preached to make streetcar successful with ridership and that we need to earn our way through rather than just raising fares and letting ridership decline as that is the beginning of a potential downward spiral. Ronchelli thanked Rifer for his point as it is a cautionary tale of transit. He added that at the same time we also need to take into consideration the increasing costs of providing service and that the $1 fare was a great introductory fare rather than the end all fare. John Sporseen asked if anyone has projected what the increase to ridership will be once the Loop is closed. Ronchelli responded that the entire CAC is very excited for the closing of the Loop as it will be transformational. Rick Gustafson responded that work on those projections has occurred. Sporseen asked if Streetcar gets any revenue from the $1 Honored Citizen ticket he buys on the bus and uses on Streetcar. Gustafson responded that Streetcar does not get the revenue unless the ticket is purchased from a Streetcar ticket vending machine.
Ian Stude asked if any analysis has been done by EcoNW as to the impact to raising the price of the Annual Pass similar to the work that has been done on the $1 fare. Gustafson responded that analysis of the Annual Pass price has not been done. When the fare discussion first started in 2011, Streetcar proposed a price of $250 for the Annual Pass. Public response led to the decision of a stepped increase over 3 years from the $100 to $250 in the fall of 2014. Gustafson added that in actuality, the $250 is based on a monthly cost of around $20, which would be 20 round trips or 40 one way rides at $.50. Stude stated that the Annual Pass price is getting further out of alignment with the ticket price and wondered what the flexibility is there for price and asked if there is a way to possibly raise the Annual Pass price to bring that more in alignment. Gustafson responded that it most likely will not happen until we get to $250 when an evaluation can be done to see how the change in price has impacted pass sales. Stude noted the comment about requesting a monthly pass once the Annual Pass reaches $250 and asked if that is still being considered. Gustafson responded that it is already in the works. He added that within the next five years he expects transit in Portland to become almost completely paperless with the introduction of the eFare system.

Reza Farhoodi asked why the increase to $2.50 was not looked at in the EcoNW study and asked if that option is off the table at this point. Rick Gustafson responded that it didn’t get as strong of support as the other two options in the public meetings. Gustafson added that it is not off the table, but not likely to happen this time around. There is a growing group that feels that Streetcar should have the same fare as TriMet to make the system truly seamless and the dialogue will continue as the eFare conversation and other conversations continue. Gustafson added that Rifer’s concerns are very real and that we need to continue to look at rider value and not just revenue gained. There is a value in recognizing the shorter trip rather than ignoring it. People who choose to take short trips should be rewarded. Farhoodi reminded the group that there is an inherent inequity that exists in our transit system as you can take a short trip in outer east Portland and still need to pay the full fare but a short trip in the Central City is discounted. Farhoodi asked if there have been any discussions with the NW TMA or any others as to what future parking meter revenues could do to help with Portland Streetcar’s budget. Gustafson responded that with the new meter districts where 50% of the meter revenues go to benefit that district, the expectation is that the districts would agree to have some of that revenue go to Streetcar operations as part of the benefit to their district. The Lloyd district will be the first conversation and the guinea pigs as to what a possible agreement may look like. Hopefully the districts that have created the meter districts are willing to recognize that the Streetcar has value and that they are willing to participate in the operations. Currently none of the locally allocated revenues are allocated to Streetcar, historically there was money from the Lloyd meter district that was set aside for the Fareless Square.

Sue Pearce stated that she agrees with Rifer’s comments and encouraged the committee to keep the conversation about fares and ridership going moving forward. Rifer asked if all possibilities have been exhausted to finding money for operations rather than increasing the fare. Gustafson responded that there are still options to run the service at either fare and come close to the same service levels. Gustafson added that the best way to grow ridership is the development and growth of the areas along the alignment and that we are at capacity at the 14 minute frequency on the NS Line. Zoe Presson asked how many units will be low income of the new units being built along the CL Line. Gustafson responded that the highest percentage of income controlled units is in the Pearl District and there is a strong commitment by the City to promote and require income controlled housing. Pearce added that the question was asked of the developers building the 600 units near E Burnside. One of the buildings that is part of that development will be low income housing.
Ronchelli brought the conversation back to the fare discussion and reframed the discussion stating that he does not want to delay a recommendation or decision from the committee as decisions will be made soon. Ronchelli asked to call the question of the CAC: do they support the fare increase or not; if so, which proposed change they would support, $1.50 or $2; and thirdly, when should the increase be initiated. Ronchelli added that if a fare increase is supported, he would like to see it tied directly in the public with the increase in service either in June when Streetcar could take advantage of the high ridership months or September when fare changes are expected and anticipated by the ridership. Rifer asked if a show of hands could be done rather than going around the room as there are other agenda items that should be addressed. 6 of 10 CAC members supported a fare increase. 5 of the supporters preferred the $2 fare while 1 preferred the $1.50 fare. 7 CAC members voted for the increase to occur in September while one voted for June.

Pearce stated that her comment about continuing the conversation was not about this issue directly but not moving beyond without revisiting once a recommendation is made. Richardson commented that Rifer’s comments about other agencies having fallen into the “downward spiral” and that it is a danger. What brings him beyond neutrality into acceptance is the idea of coupling it with new or improved service which is a real benefit. Brandt stated that he could support a fare increase that cracks the barrier to real service improvements that will in turn earn the ridership. But if the fare increase does not do enough to crack that barrier, it could easily put us on the first leg of the downward spiral. Rifer added that he believes the increase in service from 18 minute frequency to 14 minute frequency on the CL Line will not be enough of an improvement in the public’s eye to warrant a fare increase. Pearce stated that there would need to be a lot of public outreach as to why the fare increase is coming and what the benefits are to the riders. Carolyn Brock added that she would like to keep the conversation going as well about the possibility of tying the fare to TriMet rates and also about the short trip, which don’t just occur in the Central City. Over time as Streetcar starts to stretch beyond the Central City the concept of a short trip will change. Stude seconded the idea of keeping the conversation about merging fares alive as once the full Loop opens in 2015 it will be more confusing to riders which service is which fare.

Vern Rifer made a motion that the CAC takes no position on the fare increase and that the issue be brought back to the committee in the summer of 2014. Zoe Presson seconded the motion. Sue Pearce commented that philosophically she agrees but that they are in a kind of bind as the Portland Streetcar, Inc. Board is in a push to make a decision and they may move forward without the CAC. Rifer amended his motion to be that the CAC takes a position opposing the fare increase at this time and the issue be brought back to the committee in the summer of 2014. Presson seconded the amended motion. Bob Richardson voiced concern that an increase in service could occur as early as June if the fare increase happens earlier than September and suggested tabling the issue until early spring rather than summer. Pearce responded that she would rather see the increase happen in September which is traditionally the time fare increases occur in Portland. Julie Gustafson stated that outreach would need to occur again and that if a fare increase were to occur in September that would need to begin prior to summer so the conversation would need to occur in the spring. Sue Pearce proposed an amendment to the motion to table the conversation until spring. Rifer seconded the amendment. The motion failed 3 to 7.

Sue Pearce moved that the CAC supports an increase in the fare to $2 in September 2014 tied directly to an increase in frequency to 14 minutes on the CL Line. Bob Richardson seconded the motion with the addition that there is no reduction in frequency on the NS Line. The addition was accepted by Pearce. Brandt asked for the fare increase to be coupled with a list of other
improvements as part of the increase in the fares, not just an increase in the frequency. Ronchelli responded that there are specific improvements that will be made to the system that will help reduce the headways on top of additional operators. Ronchelli called the vote as presented. The motion passed 8 to 2. Ronchelli offered to supply a minority report as part of the statement.

Pearce suggested that the conversation about improvements and efficiencies should continue moving forward. Ronchelli stated that the idea is to continue the conversation and thanked both David Brandt and Rick Gustafson for their work on this. Stude added that the key component that staff needs to take away is that yes efficiencies are important, but that the marketing is the key component. He wanted to make sure that the message is clearly articulated ahead of the fare increase. Ronchelli added that this very issue came up at the Board meeting that morning and that having a unified voice and talking points is essential moving forward to refute the bad information that is out there as word of mouth is a powerful tool. Those talking points are being created and will be shared with both the Portland Streetcar Board and the CAC as the CAC is the mouth piece of the system to the citizenry it serves.

Richardson asked Rick Gustafson if the Board adopts the fare increase to $2 in September would it be possible to start the improved service ahead of the fare increase. Gustafson responded that he would advocate for that. He added that he was concerned about raising the fare this year after the uneven service of the first year and that reliability improved with the arrival of the new vehicles and then were cratered again this summer with the Light Rail and Close the Loop construction requiring bus bridges and service interruptions. Gustafson thanked the committee for their hard work and their insight as it is, and always has been, enormously valuable and influential to Streetcar as it enriches and adds immense value to the system. Julie Gustafson added that there are a lot of people from the community that talk about the influence and importance of the CAC to the Streetcar to visitors from other communities exploring a streetcar system of their own.

4. Service Efficiencies Discussion
   Discussion was tabled due to time.

5. Operations & Vehicle Update
   The final car, Car 025, was delivered and should be in service by Thanksgiving.

6. Other Business
   No other business was discussed

The next meeting for the Streetcar Citizens Advisory Committee will be Wednesday, December 4, 2013, 3:30pm-5:00pm at City Hall, Pettygrove Room. Please call Julie Gustafson at 503/242-0084 or email at julie@sojpdx.com if you have any questions regarding this committee. The CAC meetings are open to the public.