

To: Administration and Budget Committee

Date: April 11, 2016

From: Anne Muzzini

Reviewed by:

SUBJECT: Fares, Passengers, Free Rides

Background:

Fare revenues have fluctuated over the last several fiscal years averaging approximately \$4.55 million while ridership has been slowly climbing. The result is a decline in the average fare per passenger and revenue collected. There are a couple of factors that contribute; changes in fare policies and fare agreements as well as the automatic passenger counting adjustment factor.

Description	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 *	Average
Fare Revenue	\$ 4,641,248	\$ 4,484,135	\$ 4,592,437	\$ 4,490,820	\$4,552,160
Fare \$ difference from previous year		\$ (157,113)	\$ 108,302	\$ (101,617)	\$ (50,143)
Fare % difference from previous year		-3.4%	2.4%	-2.2%	-1.1%
Passengers	3,296,763	3,328,558	3,597,054	3,680,927	3,475,826
Passengers # difference from previous year		31,795	268,496	83,873	128,055
Passengers % difference from previous year		1.0%	8.1%	2.3%	3.8%

Automatic Passenger Counters

The buses are equipped with automatic passenger counters (APC) and due to issues such as strollers and drivers which trip the APC's even though there isn't a real passenger boarding, the data needs to be calibrated based on samples. As the sampling has gotten better and the APC's upgraded, we have been able to increase the adjustment factor from .8726 to .9654. The changes made to the APC adjustment factor results in higher passenger counts. The following table shows what ridership would have been if we'd always used a factor of .9654.

	FY12-13	FY13-14	FY 14-15	FY 15-16*
Fare Revenue	\$4,641,248	\$4,484,134	\$4,592,437	\$4,490,820
Passengers	3,296,763	3,328,558	3,597,054	3,680,927
Ave fare per pass	\$1.41	\$1.35	\$1.28	\$1.22
Passengers if adjustment factor was always 0.9654				
Passengers	3,602,703	3,637,448	3,688,779	3,680,927
Ave fare per pass	\$1.29	\$1.23	\$1.24	\$1.22
Adjustment Factor Changes				
	0.8726	0.8726	0.9399	0.9654

Fare Polices and Agreements

Free Routes

County Connection also has several routes that are free to everyone who boards the bus; Route #4, #5, and #7. Routes #4 and #5 have the passenger fares paid by the City of Walnut Creek. Route #7 fares are paid for by the Shadelands Business Park owners. Staff has recently analyzed the agreements with the City of Walnut Creek and Shadelands to make sure that we are receiving an appropriate amount.

The terms of the agreements vary. The Route #4 agreement has been in place for a very long time and has not been amended since 2009 when the service level was adjusted. The Route #5 agreement was established as a demonstration program and is slated to end in August of 2016. We have requested the City of Walnut Creek increase support for Routes #4 and #5 based on growth in ridership in an amount equal to \$157,478 a year.

The Shadelands agreement sets an annual rate for fare reimbursement and allows for increases and reductions based on actual cost. We have analyzed current ridership compared to the contract estimate and will need to increase the amount by \$962 a year.

The tables on the following pages show the comparison between our contract assumptions and the actual ridership.

Free Fares

In August 2013, the Board adopted to restore a mid-day free policy (10am to 2pm) for seniors and people with disabilities that was effective in December 2013 and estimated at the time to reduce revenue by approximately \$70,000.

County Connection also has several free fare programs whereby the employer or school picks up the fare for their people only. Saint Mary's pays each month based on actual passenger counts so billing for fares keeps pace with ridership growth.

Bishop Ranch pays a fixed amount so that everyone who is employed by a tenant of Sunset Development rides for free. The Bishop Ranch agreement is complicated and the invoice includes an amount for a share of the operating cost as well as an amount to cover fares. Ridership has grown significantly since the contract was established and the amount for fare reimbursement is \$134,000 less than the calculated amount due. However, the total invoice amounts to 33% of the operating cost which is far higher than our farebox recovery ratio of 18%. As an aside, all the Bishop Ranch revenue gets posted to the "special fares" line item in the budget.

Clipper

County Connection has implemented Clipper this fiscal year and customers have been able to use it beginning in October. The Board agreed to adjustments to revenue collection to conform to Clipper and other operators in the East Bay. An example would be the "Day Pass Accumulator" which requires that we cap revenue collected to \$3.75, similar to a day pass offered by other East Bay operators. There is currently a two month lag between customer revenues collected by Clipper and revenue being disbursed by Livermore Amador Valley Transit Authority (LAVTA is the East Bay Administrator of Clipper) to County Connection. Therefore our estimated revenues could be low due to this change in timing of receipts and will be refined as more data is collected.

Next Steps

Staff is working with the City of Walnut Creek to amend their agreements so that revenues match current ridership. In addition, staff will seek an increase in the Shadelands agreement based on actual costs. The Bishop Ranch agreement modification is more difficult and staff has been unsuccessful in negotiating a new deal whereby the current service share is maintained and the fare reimbursement amount is increased. Finally, staff is only beginning to receive information on Clipper and will need some time to collect more data and the impacts to fare revenue.

City of Walnut Creek			
Walnut Creek - Route 4			
2009 Assumptions		2016 Proposed New Contract	
Effective 07/01/2009 - Undetermined		Effective 08/18/2016 - 08/18/2018	
Total Passengers	165,283	Total Passengers	276,650
Average Fare	\$ 1.20	Average Fare	\$ 1.35
Estimated Total Fare Revenue	\$ 198,340	Estimated Total Fare Revenue	\$ 373,478
		Passenger Increase due to Free Fare (25%)	69,163
		Adjusted Total Passengers	207,488
		Average Fare	\$ 1.35
		Adjusted Total Fare Revenue	\$ 280,108
Walnut Creek - Route 5			
2014 Contract Assumptions		2016 Proposed New Contract	
Effective 8/17/2014 - 8/17/2016		Effective 08/18/2016 - 08/18/2018	
Total Passengers	45,833	Total Passengers	129,096
Average Fare	\$ 1.20	Average Fare	\$ 1.35
Estimated Total Fare Revenue	\$ 55,000	Estimated Total Fare Revenue	\$ 174,280
		Passenger Increase due to Free Fare (25%)	32,274
		Adjusted Total Passengers	96,822
		Average Fare	\$ 1.35
		Adjusted Total Fare Revenue	\$ 130,710
Routes 4 & 5 - Fare Reimbursement			
Current Total Annual Cost	\$ 253,340	Adjusted Total Annual Cost	\$ 410,818
		Change in Cost	\$ 157,478

Shadelands - Route 7

2015 Contract Assumptions (Estimates) Effective 01/01/2015 - TBD		2016 Proposed New Contract (CY 2015 Actual) Effective TBD	
Passengers/Hour (Est.)	10	Passengers/Hour	13
Annual Revenue Hours (20.5/day)	5,228	Annual Revenue Hours (21.3/day)	5,432
Total Passengers	52,275	Total Passengers	73,247
Average Fare	\$ 1.40	Average Fare	\$ 1.35
Estimated Total Fare Revenue	\$ 73,200	Estimated Total Fare Revenue	\$ 98,883
		Passenger Increase due to Free Fare (25%)	18,312
		Adjusted Total Passengers	54,935
		Average Fare	\$ 1.35
		Adjusted Total Fare Revenue	\$ 74,162
		Increase	\$ 962

Analysis of Bishop Ranch Contract

Bishop Ranch Invoice FY 2013-14	
97X Invoice Amount	\$101,339
96X Invoice Amount	\$307,506
Total Fare Reimb	\$89,264
Grand Total	\$498,109
Total Hours	14,217
Invoiced Amount per Hour	\$35.04
Total Operating Cost	
Marginal Cost/Hr	\$106.44
Total Cost	\$1,513,247
Bishop Ranch Bill as Share of Cost	33%
Fare Reimbursement Analysis	
Passengers using Bishop Ranch Passes	229,419
BR fare reimbursement per passenger	\$0.39
Adjusted Passengers IF Fare charged (25% reduction)	172,064
If average fare of \$1.30 per pass charged then	\$223,684
Difference between BR Fare Reimb and Fare Loss Estimate	\$134,419