Transit Fare Considerations

Costs/Benefits of Fare Collections

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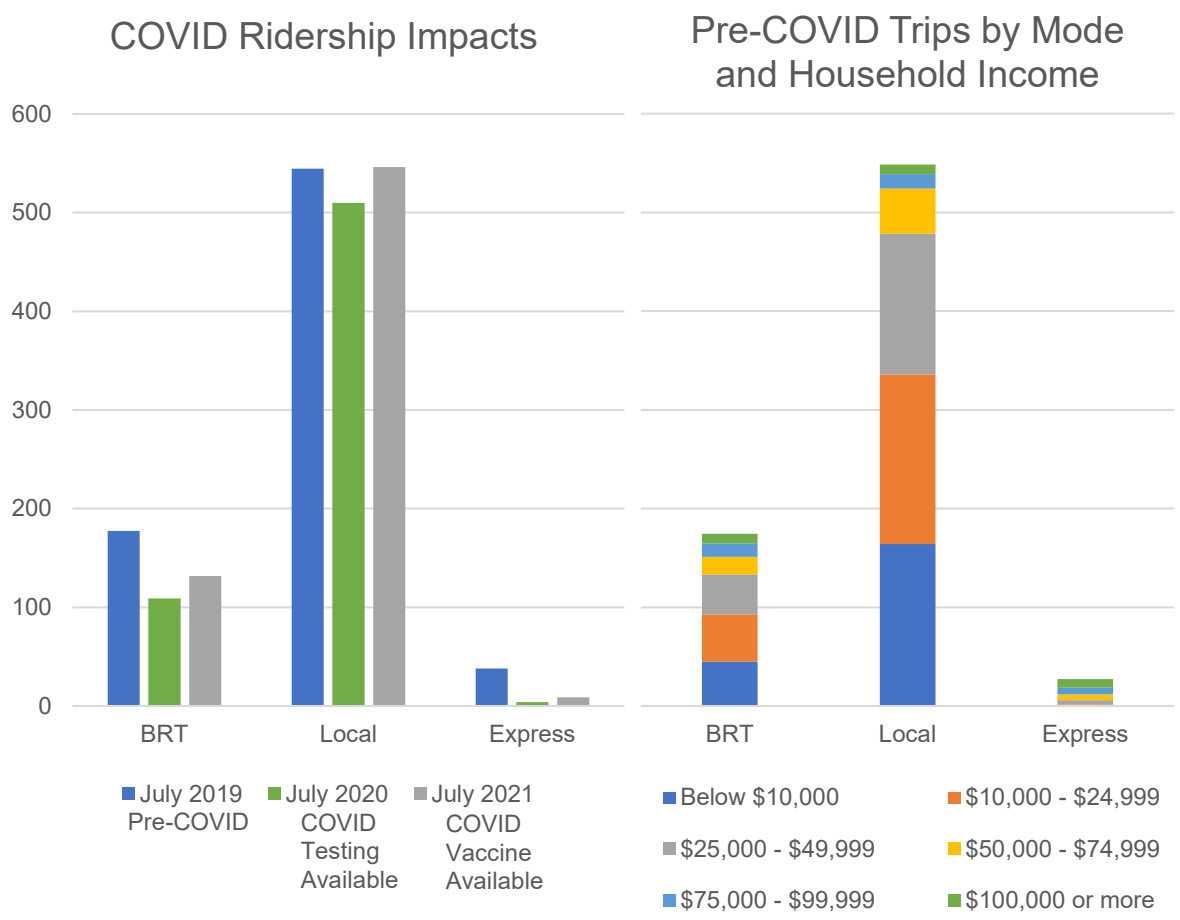
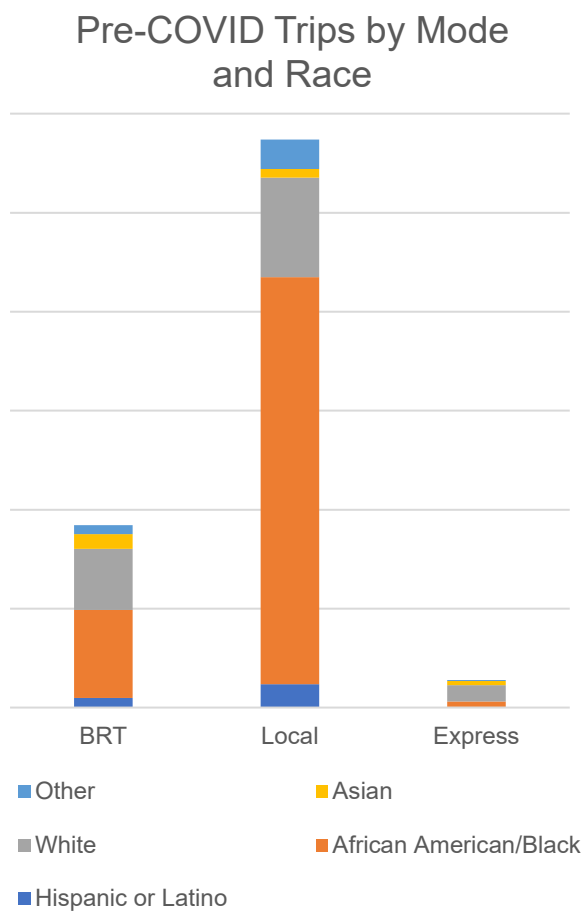
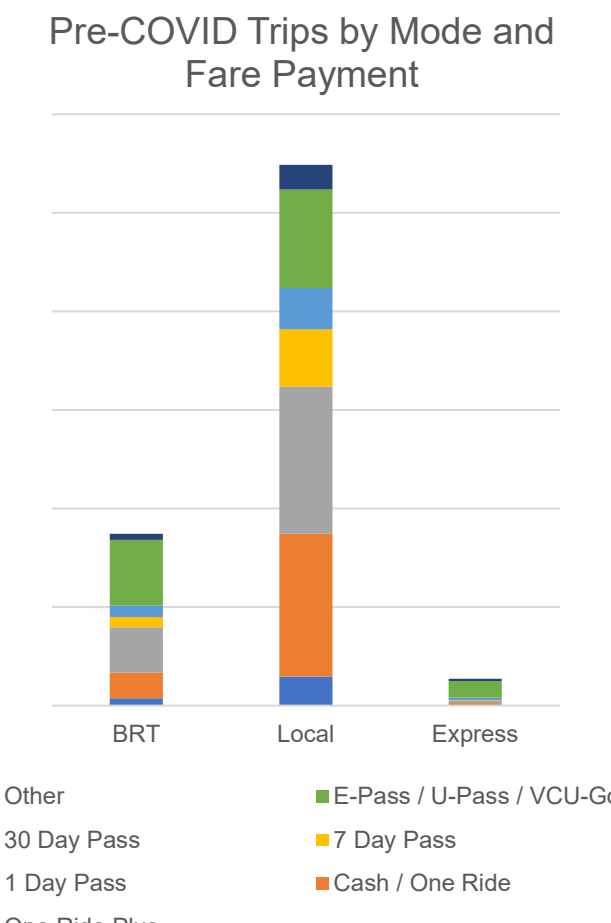
GRTC's Service by Mode

Ridership by Mode, Fare Payment, Race, Income



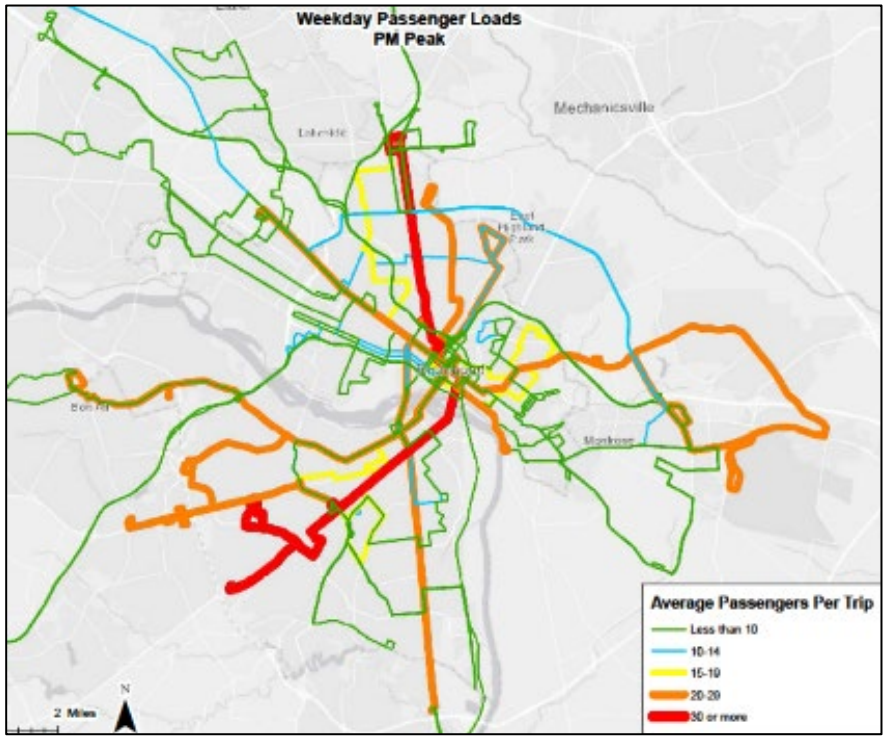




Early COVID Ridership

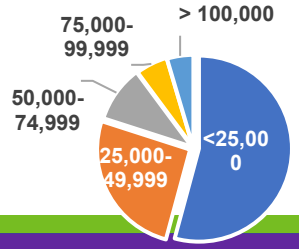
Ridership by Route and Location

COVID Essential Transit Trips

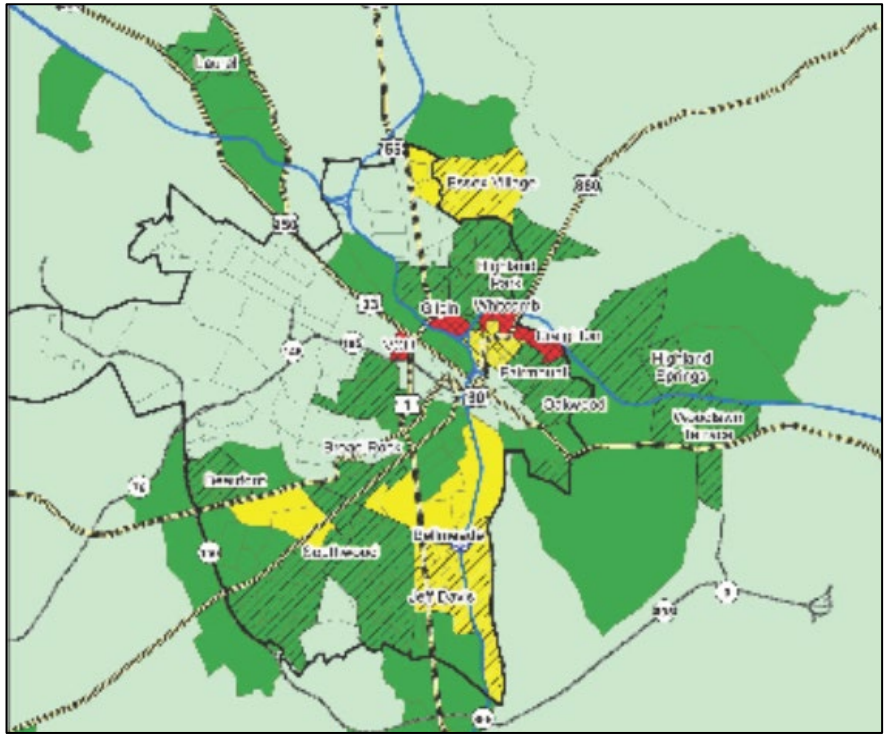


54 % of the People served by GRTC have an annual household income below $25,000.

79% have annual household incomes below $50,000

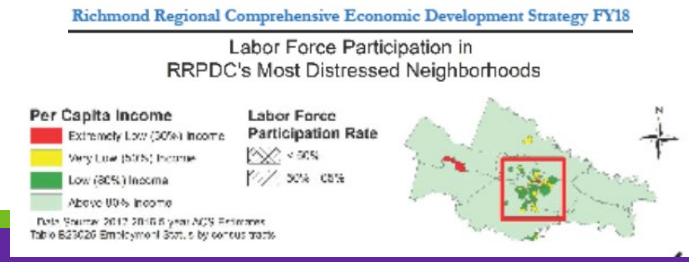


Economically Distressed Areas



Average per capita income = $29,829
- Red = 30% per capita income
- Yellow = 50%
- Green = 80% per capita income

Average labor force participation = 65%
- Hatch is 50% to 65%
- Double Hatch is <50%



FY2019 Fare Revenue

Local Bus Service Fare Collection

Fixed Route Fares Collected FY19 (includes VCU)		
		in $ M
By Jurisdiction		
	Richmond	$5.9
	Henrico	$1.2
	Chesterfield	$0.1
By Mode		
	Local	$5.2
	Express	$0.5
	BRT	$1.6

Fixed Route Fares Collected FY19 (includes VCU)		
		in $ M
By Mode and Jurisdiction		
	Richmond Local	$4.4
	Henrico Local	$0.8
	Chesterfield Local	$0.0
	Richmond Express	$0.1
	Henrico Express	$0.3
	Chesterfield Express	$0.1
	Richmond BRT	$1.4
	Henrico BRT	$0.2
	Chesterfield BRT	$0.0

Fares – Expenses

Administration

	FY2019 Fare System	FY2022 Zero Fare System	Account-Based System
Administrative Costs			
Staffing of Money Room	$ 252,443	$ -	$ 275,851
RPS Pass Program	$ 27,629	$ -	$ 276,290
Money Room Security	$ 19,399	$ -	$ 21,198
Armored vehicle	$ 7,153	$ -	$ 7,816
TVM cash servicing	$ 6,395	$ -	$ 6,988
Staff Reassignment	$ -	$ 135,921	$ -
Customer Support Staffing for Fares	$ -	$ -	$ 200,000
TOTAL ADMINISTRATIVE	**$ 313,019**	**$ 135,921**	**$ 788,143**

Fares – Expenses

Technology

	FY2019 Fare System	FY2022 Zero Fare System	Account-Based System
Technology			
Software maintenance and warranties	$ 361,782	$ -	$ 439,748
TVMS	TVMs cost ~ $55K each. Useful life is expected at 14 years. TVMs located at Pulse Stations (27 in service).	Sell on open market or donate to in-state trasnit agency looking to upgrade technology	Expand TVMs to Major Transfer Centers.
FareBoxes	Fareboxes cost $17,000 each. Useful life is expected at 14 years and must be replaced with buses. Currently on all buses.	Sell on open market or donate to in-state transit agency looking to upgrade technology	Fareboxes cost $17,000 each. Useful life is expected at 14 years and must be replaced with buses. Currently on all buses.
Account Based Fare Technology	n/a	n/a	Development and implementation costs expected at $700,000.
Point of Sale	Retail sales of week or month passes sold	n/a	Add kiosk sales and stored value payment at local supermarkets and pharmacies. Will require capital costs of expansion of at least $ 1,800,000
TECHNOLOGY ANNUAL	**$ 361,782**	**$ -**	**$ 1,139,748**
TECHNOLOGY CAPITAL	**$ 5,735,000**	**$ -**	**$ 8,635,000**

Fares – Expenses

Operations

	FY2019 Fare System	FY2022 Zero Fare System	Account-Based System
Description			
Route efficiency (Time needed to collect fares)	n/a	Increased efficiency of route performance - reduced route travel times	Limited increase in efficency as people trans - less interaction with the operator to buy fare media. Off Set by opeator vaildating use of subsidized cards
Route efficiency (Dual door boarding)	n/a	Increased efficiency of route performance - reduced route travel times - September Service Change will reduce operator need by ~ 15 (~$900,000 staffing cost)	n/a
Fare Enforcement	$ 394,959	n/a	$ 480,528
Agency Coordination	Social Services, RPD, and others	Social Services, RPD, and others	Social Services, RPD, and others
Operator Training	Training related specifically to increase capacity, and sensitivity training	Training related specifically to increase capacity, and sensitivity training	Training related to fare media interaction
OPERATIONAL EXPENSES	**$ 394,959**	**$ -**	**$ 480,528**
EFFICENCY INVESTMENT	**$ -**	**$ 900,000**	**$ -**

Fares – Revenue

Revenues

	FY2019 Fare System	FY2022 Zero Fare System	Account-Based System
Revenue			
Richmond Farebox	$ 4,600,000	$ -	$ - *
Henrico Farebox	$ 1,000,000	$ -	$ 1,000,000
Chesterfield Farebox	$ 100,000	$ -	$ 100,000
Annual Local Bus Farebox Revenue	$ 5,700,000	$ -	$ 1,100,000
Annual CARE Service Revenue	$ 650,000	$ -	$ 325,000
Annual Pass Revenue - Education/Business	$ 1,300,000	$ 1,100,000	$ 1,300,000
Annual Pass Revenue - Other	$ 350,000	$ -	$ -
Federal Relief Dollars	$ -	$ 5,600,000	$ -
TOTAL FARE REVENUE	$ 8,000,000	$ 6,700,000	$ 2,725,000

* Assumes Only City of Richmond would become Zero Fare and ridership remains unchanged in Henrico and Chesterfield

Fares – Rough Cost Analysis

Net differences

	FY2019 Fare System	FY2022 Zero Fare System	Possible Future Account-Based System
FARE REVENUES	$ 8,000,000	$ 6,700,000*	$ 2,725,000
EXPENSES	$ 1,069,760	$ 135,921	$ 3,408,420
ANNUALIZED CAPITAL COSTS	$ 409,643	$ -	$ 616,786
TOTAL NET FAREBOX	$ 6,520,597	$ 6,564,079	$ (1,300,205)

* Includes $5.6 M pf federal relief funding to sustain Zero Fares

	Compared to FY19 Fare System	Compared to FY19 Fare System	Compared to FY19 Fare System
New Revenue Source Needed to Implement	$ -	$ 5,556,518*	$ 7,820,803**

* Need to replace $5.6 M of federal relief funding to sustain Zero Fares

** Need to replace “Richmond” Fare Revenues and support added cost of advanced fare system

The Conversation

To Fare or Not To Fare

The Case Against GRTC Zero Fare

- "Budget Hole" What happens when relief funding dries up? Who is matching State Pilot funding?
- Leaving grant money on the table that could pay low-income rider fares under account-based fare system
- Should continue collecting fares from white-collar, telework-able commuters
- "Everyone Should Pay" - Free service is undervalued and increases costs for higher rate of repairs and damages

The Conversation

To Fare or Not To Fare

The Case Against GRTC Zero Fare

- Debate over investing in Higher Frequency and Broader Coverage vs Zero Fare
- May induce higher demand and costs for paratransit services
- Increased truancy/delinquency with teenagers on system
- May increase ridership levels above vehicle and system capacity
- Increased homeless use, impacts from riders with mental health issues including sanitation, joyriding, sleeping, aggression

The Conversation

To Fare or Not To Fare

The Case For GRTC Zero Fare

- Regressive fees on lowest income residents that maintain existing barriers to access and prosperity
- Immediate capture of investment dollars in local GDP from low-income rider spending in local marketplace in place of farebox
- Social signal to younger workforce to move to or stay in RVA: Stronger work force = Stronger local and regional economy
- Business signal to move to and invest in RVA: Stronger job market = More Jobs = Stronger local and regional economy

The Conversation

To Fare or Not To Fare

The Case For GRTC Zero Fare

- Demonstrated increase in ridership by double digit percentages
- Higher ridership leverages higher state and federal funding opportunities
- More efficient bus operations: Reduced headways without increased cost
- More efficient administrative costs: Elimination of costs supporting fare collections

Zero Fares Funding

- Federal Stimulus
  - Three Rounds of Federal Stimulus Dollars
  - Expected increase in Formula Funds under Federal
- DRPT and State Zero Fare Pilot
  - $10 M on FY 2022 State Budget
- Expected increase in state and federal formula funds from ridership increase
  - Post-COVID ridership will increase dramatically under Zero Fares
  - One to two years post COVID, GRTC would expect to see increase
- Other Sources
  - Application for Federal Capital Grants to allow shift of Federal Formula Funds to Preventative Maintenance
  - Advertising on buses and on Clever Screens
  - Slow increase in Local Contributions year over year with economic recovery

Zero Fares Pilot Considerations

- FY2023-FY2025 Partial State Funding
  - Need for Fare Support totaling $16.5M over three years ($5.5 M per year)
  - State Grant Application will ask for $8 M over three years (FY23 - $4.5M, FY24 - $2.5M, FY25 - $1M)
  - Local partners responsible for $8.5M over three years (FY23 - $1.0M, FY24 - 3.0M, FY25 - $4.5M)

- FY2026 End of Pilot
  - GRTC and local partners identified sustainable source of $5.5M annually for ongoing zero fares, OR
  - GRTC returns fares and submits grants to fund implementation of Account Based Fare System and Fare Capping

Zero Fares Pilot Considerations

- Use of Federal Relief Dollars on Concurrent Studies on Fare System and Ridership
  - Study of alternative fare technologies for low-income subsidies and fare capping
  - Study of economic impacts from zero fare service including future costs of transit service
  - Study on social impact of zero fare service
  - Assessment of ridership and travel patterns under zero fare operations compared to Pre-Covid fare service
- Funding for Social Services and Security Coordination
  - Use of Dollars for to support training and staffing for added support by social workers and security
  - Develop partnerships to address underling regional issues of homelessness and mental health
- Existing Fare System Hardware (TVMs and Fareboxes)
  - Consider the sale or donation of TVMs and Fareboxes
  - Set aside funding for re-implementation of fares if recommended by pilot results