

# T Transportation Committee

Meeting date: August 10, 2009

## ADVISORY INFORMATION

<b>Date:</b>	<b>August 4, 2009</b>
<b>Subject:</b>	<b>Forest Lake/Columbus Route 288 Fare Surcharge</b>
<b>District(s), Member(s):</b>	<b>11- Georgie Hilker; 12 – Sherry Broecker</b>
<b>Policy/Legal Reference:</b>	<b>Transit Fare Policy Changes 3-2-6 &amp; Procedure 3-2-6a</b>
<b>Staff Prepared/Presented:</b>	<b>Arlene McCarthy, Director MTS</b>
<b>Division/Department:</b>	<b>Metropolitan Transportation Services (MTS)</b>

### Proposed Action

None. Informational recommendation that the Council allow the Forest Lake/Columbus Route 288 \$1.75 fare surcharge to expire effective October 1, 2009.

### Background

Route 288 express service from Forest Lake and Columbus to downtown Minneapolis was launched in January 2008 using I-35W bridge collapse emergency funds. The contract rate was higher than typical competitively procured express service because the provider operated the service and provided the buses. The Council was not able to provide buses given the very quick implementation timeline to mitigate traffic impacts of the bridge collapse.

In September 2008, Route 288 ridership was primarily from Washington County (37%), Chisago County (34%) and Anoka County (11%).

Federal emergency funding terminated with the September 18, 2008 new bridge opening. Long term continuation of the successful service was uncertain given that Forest Lake and Columbus did not pay the regional transit capital (RTC) levy. Anoka, Chisago and Washington counties and the Council equally funded the operating subsidy for the remainder of 2008. The Council agreed to continue the service in 2009 with Washington and Anoka counties paying the 2009 RTC equivalent of Forest Lake and Columbus.

Farebox technology limited the Council to either the \$3.00 regular express fare or a \$4.75 fare (representing the \$1.75 distance surcharge) used on the Northstar commuter coach Route 888. Given the long distance of the trip, high operating cost due to the bus leasing, and similarity to the Northstar commuter coach, in September 2008 the Council authorized a \$1.75 fare surcharge on Route 288 effective October 1, 2008 on a demonstration basis for up to one year (Business Item 2008-251). The demonstration fare will expire without any further action by the Council.

### Rationale

Allowing the demonstration fare to expire can be justified from a couple perspectives.

1. Columbus and Forest Lake will begin paying the RTC levy in 2010. With that certainty, the Council is purchasing buses for the Route 288 service with Urban Partnership Agreement funds and competitively procuring a service-only contract with Council-furnished buses. The new contract will be effective November 9, 2009. This will reduce the operating cost of the service by approximately half. With a regular \$3.00

fare, Route 288 is estimated to have a reasonable fare subsidy per passenger (between \$2.25 and \$2.50) compared to other express routes.

2. Route 288 will be the third longest of eight routes (out of 200+ routes in the region) between 25 and 31 miles long. It is difficult to justify a surcharge on only Route 288 when its operating cost will now be comparable to the other eight routes.

Another option is a reduced surcharge amount. The restriction of only a \$1.75 distance surcharge will be eliminated when the Route 888 Northstar Commuter Coach bus service is terminated with the start-up of Northstar commuter rail in late 2009. The Council could opt for a new demonstration fare such as a \$1.00 surcharge on Route 288. Again, it is difficult to justify a surcharge on only Route 288 when its operating cost and distance will be comparable to other routes in the region.

In 2008 during the process of enacting the October 2008 regional fare increase, the Council discussed the future option of a distance surcharge on longer bus routes. While the Cubic fare system does not provide for distance-based fares on the bus system, this capability is being implemented for Northstar commuter rail. This similar capability on the bus system could be available as early as late 2010 if the Council would like to pursue. This timing is compatible with the Council's commitment with the Legislature to not implement a regional fare increase during the 2010-2011 biennium.

## **Funding**

The farebox revenue generated on Route 288 is estimated to be approximately the same with or without the distance surcharge. This is because ridership will be higher at the lower fare. The reverse of this occurred when the \$1.75 surcharge was implemented with ridership dropping by 35%.

## **Known Support / Opposition**

Elimination of the surcharge has not been presented to any of the stakeholders. Forest Lake and Columbus city council members, in voting to pay the regional transit capital, requested that the surcharge be eliminated.