

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

RESOLUTION NO. 07-03-___

OFFICIAL COMMISSION MEETING

SECOND: _____

MARCH 1, 2007

**RE: PROPOSED SECOND REVISION TO ADOPTED FARE/TICKETING
PRICING PLAN**

WHEREAS, in April 2003, the Potomac and Rappahannock Transportation Commission (PRTC) adopted a two-phased fare and ticketing plan for its bus services; and

WHEREAS, the first phase of this plan was implemented in the fall of 2003; and

WHEREAS, the second phase of the plan was (is) linked to the acquisition of new electronic fareboxes with *SmarTrip* card reading capabilities (“the project”) since phase two of the plan envisions new ticket types that are possible only when the project has been completed; and

WHEREAS, phase two of the adopted plan was expected to become operative around the fall of 2004; and

WHEREAS, schedule slippage on the project and the associated reduction of anticipated passenger revenue prompted PRTC to amend the adopted plan in July 2006, featuring adjustments to certain phase two prices; and

WHEREAS, the project’s schedule slippage has turned out to be even longer than expected when the plan was first amended in July 2006; and

WHEREAS, the protracted delay in completing the project has compelled the PRTC member local governments that sponsor PRTC bus services to bear more of the growth in expenses than they would have if phase two of the plan had been implemented as originally envisioned; and

ITEM 12-C

(38 PAGES)

WHEREAS, a second revision to the adopted plan is now proposed to restore the balance between local government subsidies and passenger fares as sources of funding to sustain the PRTC bus services, in which a new intermediate phase would be implemented on April 2, 2007 as described more specifically in the presentation management made at a public hearing on February 27, 2007 that is appended to the accompanying staff report; and

WHEREAS, the public has been encouraged to review and comment on the proposed revision to the adopted plan in accordance with the adopted PRTC public participation policy, including (in addition to the public hearing) a two month-long opportunity for public review and reaction of the proposed revision, with public notices on the PRTC web-site and aboard the buses, a story appearing in the PRTC customer newsletter (*OmniNews*), a recorded message on PRTC's phone system, a press release, and newspaper advertisements; and

WHEREAS, there have been no significant, adverse reactions to the proposed revision, as evidenced by the small number of public comments received, which are summarized (with responses to comments made) as an attachment to the staff report; and

WHEREAS, no changes to the proposed plan are warranted in light of the absence of adverse public reaction.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby approve management's proposed further revisions to the adopted fare/ticketing plan.

March 1, 2007

TO: Chairman Gibbons and Commissioners

FROM: Alfred H. Harf
Executive Director

RE: Proposed Second Revision to Adopted Fare/Ticketing Pricing Plan

Recommendation:

Approve the proposed second amendment to the Commission's previously adopted bus fare/ticketing pricing plan and authorize its implementation. There has been no significant adverse public reaction to the proposed revisions in the course of the public review process.

Background:

In April 2003, the Commission adopted a two-phased fare/ticketing plan for PRTC's bus services after extensive market research on customers' ticket type preferences/price sensitivity and a public review process. The adopted plan envisioned implementation of the first phase in the fall of 2003 (which occurred as planned), and implementation of the second phase at such time as the regional *SmarTrip* card became operational on PRTC's bus services. When the two-phased plan was adopted, the timing of the second phase was uncertain because the schedule for implementing the new electronic fareboxes and associated *SmarTrip* card reader (hereinafter referred to as "the project") was not firmly established, but it was expected to occur approximately a year after phase one (which would have been in the fall of 2004 [FY 2005]). Since then, the schedule for the project has slipped repeatedly because of complications beyond PRTC's control, and implementation is still pending. This schedule slippage prompted PRTC to amend the adopted plan in July 2006 in order to eventually recover a portion of the passenger revenue foregone by the delay, but the delay has turned out to be even longer than expected when the July 2006 amendment was approved, prompting management to propose this second amendment.

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This second amendment is being proposed because the anticipated revenue yield from the two-phased fare increase has still not materialized, and thus PRTC's bus-sponsoring member governments continue to bear more of the cost of continuing expense growth than anticipated at the time the plan was first amended. While passenger revenue has increased because of ridership growth even in lieu of phase two, it has not increased enough to offset expense growth and consequently the local subsidy required to sustain bus services continues to increase more than anticipated when the original plan was first amended. Back in July 2006, the expectation was that the project would be completed by early FY 2008 (with phase two of the plan implemented immediately thereafter), but now this is not expected to happen until the end of FY 2008 at the earliest.

Each year that the project is delayed dampens passenger revenue yields by approximately \$450,000 and, at a time when PRTC's bus-sponsoring member governments are confronted by tapering tax revenues for all services, it would be a real hardship to continue to compensate for foregone passenger revenue with a commensurate increase in local subsidies. Accordingly, PRTC management has proposed a second amendment to the adopted plan, and asked the Commission to authorize the start of a public review process of this proposal, which the Commission did in February 2007.

The proposed second amendment envisions two changes: (1) an increased charge for OmniRide and Metro-Direct tokens as a stop-gap action effective April 2, 2007; and (2) an expanded transfer discount. Each is described in turn.

The token charge for OmniRide and Metro-Direct would increase by twenty cents and ten cents per token, respectively, effective April 2, 2007. As the Power Point presentation prepared for the public hearing (attachment one) details, the additional passenger revenue yield anticipated from this is \$75,000 in FY 2007 and \$300,000 per year thereafter, significantly lessening though not eliminating the \$450,000/year additional subsidy burden that PRTC's bus-sponsoring member governments bear because of the project delay. The proposed amendment leaves phase two of the adopted plan unchanged except for the modification described below.

Also part of this proposed second amendment to the adopted plan is the introduction of a "discount" privilege for riders who transfer from bus to rail, which does not exist for PRTC riders but is commonplace for riders of other transit systems in Northern Virginia. PRTC riders already have a transfer discount for bus-to-bus transfers, the value of which varies depending on the fares of each leg of the bus trip, whereas the amendment proposed here would offer a fixed \$0.45 transfer discount to bus-to-rail transferees in each direction effective when phase two of the adopted plan is

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implemented. The cost to PRTC would be the \$0.45 revenue loss associated with each rider opting to transfer from rail to PRTC bus, less any revenue gain PRTC would realize as a result of induced additional ridership. If the bus-to-rail discount does not induce any new riders, the estimated cost of this proposed change would be \$117,000/year, but the actual cost is expected to be significantly because some induced ridership is likely.

After the Commission authorized management to invite public reaction to this proposed plan amendment, the Power Point presentation prepared for this purpose was posted on PRTC's web-site and notices were placed on the web-site, in area newspapers, and aboard the buses to inform the public. The hearing was originally scheduled for February 14th, but had to be canceled because of inclement weather. It was rescheduled for February 27th, so the results (record of the hearing and additional comments/responses to comments) will necessarily post-date the mail-out of the Board package. Consequently, the hearing record and additional comments/responses will have to be furnished on a "blue-sheeted" basis at the March 1 meeting. In the event the hearing or late-arriving comments signify a need for a changed recommendation, PRTC management will advise the Commission accordingly at the meeting.

Attachment two is the summary of comments received and responses to these comments as of the date of the Board package mail-out. As noted above, the Commission will receive an updated version on a blue-sheeted basis at the March 1 meeting.

Since there were virtually no adverse comments received, management has concluded that no changes to the amendments as proposed before the start of the public review process are necessary.

Attachments: As stated