

RIVERSIDE TRANSIT AGENCY
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March 24, 2005

TO: BOARD OF DIRECTORS
THRU: Larry Rubio, Chief Executive Officer
FROM: Scott Richardson, Director of Marketing
SUBJECT: DAR Subscription Pass Analysis and Changes

Summary:

At the January 27 meeting, the Board adopted a new fare structure based on recommendations from Booz Allen Hamilton (BAH) to establish a required monthly pass for all Dial-A-Ride subscription users. Based on the premise that subscription service is a premium service, a \$175 monthly pass cost was approved with the requirement that every subscription service user either purchase their own pass or obtain one through a social service agency in order to utilize the service.

During the public comment period for the proposed fare restructuring, RTA staff was proactive in personally contacting social service agencies regarding the proposed fares and encouraging their input, which was provided by Inland Regional Center and others.

Because the new DAR Subscription Pass is a major change to DAR policy, staff developed an information campaign to assure all DAR subscription users and social service agencies are aware of and understand the new pass requirements. The campaign included direct mailings and phone calls to all DAR subscription users and social service agencies that fund client trips. Currently, 244 riders are in the subscription database.

The information campaign generated substantial input regarding the new pass, all of which has been negative. Passengers who currently pay for their subscription trips have said they will drop their subscription service and instead call for each trip. Social service agencies have said they will also drop subscription service for their clients and begin calling to schedule each trip when the new pass is implemented.

Staff has found that Omnitrans instituted a similar pass in late December 2003 priced at \$172.50. This change resulted in Omnitrans' subscription trips dropping from approximately 500 per day down to 2. All of the social service agencies withdrew from their program and either found other transportation for their clients or changed to the conventional method of calling for each trip, which substantially increased their phone call load. All two of the subscription users who paid for their own trips dropped from the program and began calling for trips. All social service agency clients dropped the program.

RTA currently carries an average of 232 subscription trips per day, which accounts for an average of 26% of all DAR trips.

As of March 18, 68 percent of subscription riders or their social service agencies had been contacted by phone and only three have said they will likely purchase a pass. The remainder said they will cancel their subscription service and call to reserve each trip.

Because of the number of current subscription riders and social service agencies who have indicated that they will not purchase the new pass and instead schedule individual trips, staff has serious concerns about the significant increase in the number of phone calls that will occur if the vast majority of the 244 people on subscription service switch to calling for each trip as well as the added inconvenience to our customers.

Fiscal Impact:

In developing the adopted fare structure, BAH modeled the impact of subscription passes to fare revenue and farebox recovery from a demand response and system wide level. Using their modeling predictions, if the DAR Subscription Pass is not implemented, DAR revenues will be \$6,166 per month less than if implemented, which equates to \$74,000 annually. Their modeling also showed farebox recovery for DAR would be 6.5 percent if it is implemented and 5.3 percent if it is not implemented. System wide, they predict the overall farebox recover would be 19.8 percent if it is not implanted vs. 20.0 percent with implementation.

The BAH modeling is based on selling 35 passes per month. However, current indications are that sales will be 3 per month, which negates any significant positive impact the passes would bring according to the BAH modeling. In addition, the increased reservation call volume from riders who are no longer using subscription service could adversely affect contract costs with the DAR vendor.

Recommendation:

- Eliminate the \$175 per month Dial-A-Ride subscription pass fare scheduled to take effect on April 3, 2005.
- Price each DAR subscription trip at the standard Dial-A-Ride fare of \$2.50, and allow the “Buddy Fare” whenever possible.