

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 23, 2006

TO: BOARD OF DIRECTORS
THRU: Larry Rubio, Chief Executive Officer
FROM: *SR* Scott Richardson, Director of Marketing
SUBJECT: Booz Allen Hamilton Fare Restructuring Analysis and Recommendations

Summary:

In April 2005, RTA implemented a new fare structure based the recommendations from a study conducted by Booz Allen Hamilton in order to assure the Agency would meet farebox recovery requirements. Their study predicted that fixed route ridership would decrease 0.9 percent as a result of the new fares in FY 2005-6.

Upon implementation of the fare restructuring, RTA experienced an increase in farebox revenue but also had an immediate drop in fixed route ridership far greater than predicted by the Booz Allen Hamilton study. Fixed route ridership for the current fiscal year shows an overall drop of 9 percent compared to the previous year, which is far greater than Booz Allen Hamilton's predicted 0.9 percent decrease. Ridership showed only a 4 percent loss in January. Overall, ridership is not increasing fast enough in order to achieve an overall 0.9 percent decrease for the year.

Because of this consistent unpredicted ridership loss, RTA instructed Booz Allen Hamilton to reexamine their assumptions regarding fixed route ridership to explain why the decrease was significantly higher than they predicted and if instituting a seven-day pass would increase ridership without negatively impacting revenues.

Booz Allen Hamilton analyzed fixed route ridership and revenue data and has concluded that their original model underestimated how the fare increase would affect RTA's ridership.

In order to increase ridership without unfavorably affecting revenues, the Board Budget and Administration and Board Operations

Committee members asked Booz Allen Hamilton to include in their analysis introducing a seven-day pass that would be more affordable for riders. The proposed price for the pass, which would cover all fare categories, is suggested to be in the range of \$10 to \$12.

Valid for any consecutive seven-day period, the new passes would be available at pass outlets, at RTA, via the RTA website and on board buses. If approved, staff proposes implementation no later than May 1, 2006, to allow for pass production and marketing.

Cyndy Pollan from Booz Allen Hamilton conducted the follow up study and will present an update on their findings and recommendations.

Fiscal Implication:

Booz Allen Hamilton will present their modeling showing the predicted effects of different pricing scenarios on ridership and revenues for a 7-day pass at the Board meeting.

Committee Recommendation:

This item was discussed at the Board Budget and Administration and Board Operations Committee meetings of February 1, 2006. The Committees' members directed Booz Allen Hamilton to include in their analysis introducing a seven-day pass that would be more affordable for riders on limited incomes. With that modification, the Committee members unanimously approved recommending this item to the full Board of Directors for their consideration.

Recommendation:

- Receive the Booz Allen Hamilton presentation and authorize staff to implement a 7-day pass valid for all fare categories at a price to be set by the Board.
- Report back to the Board monthly on the 7-day pass effect on ridership and revenue.