Interurban Transit Partnership

Finance Committee Members

Mayor Stephen Kepley (Chair)
Steven Gilbert *Mayor Gary Carey* *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING

Wednesday, June 12, 2024 – 4:00 p.m.

Rapid Central Station Conference Room (250 Cesar Chavez Avenue, SW)

AGENDA

		PRESENTER	ACTION
1.	**PUBLIC COMMENT**		
2.	**MINUTES REVIEW – April 17, 2024**	Mayor Kepley	Review
3.	**DISCUSSION**		
	a. AECOM - TMP	Nick Monoyios	
	b. April Operating Statement	Linda Medina	
	c. Fare History	Linda/Nick	
	d. 2022 NTD Peer Fare Comparisons	Linda Medina	
	e. Farebox Recovery Rate	Linda Medina	
	f. Budget Guideline #8 – Fare Analysis	Linda Medina	
4.	**ADJOURNMENT**		

Next meeting: August 14, 2024

Finance Committee Members

Mayor Stephen Kepley (Chair)
Steven Gilbert *Mayor Gary Carey* *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 17, 2024 - 4:00 p.m.

Rapid Central Station Conference Room (250 Grandville Avenue, SW)

ATTENDANCE:

Committee Members Present:
Mayor Kepley, Mayor Carey, Steven Gilbert, Mayor Favale

Committee Members Absent:
Mayor Maas

Staff Attendees:
Steve Clapp, Kris Heald, Deron Kippen, Linda Medina, Nick Monoyios, James, Nguyen, Deb Prato, Jason Prescot, Andy Prokopy, Steve Schipper, Kevin Wisselink

Other Attendees:
Peter Sillanpaa, Bill Jackson (McAlvery Merchant & Associates)

Mayor Kepley called the meeting to order at 4:01 p.m.

1. PUBLIC COMMENT
No public comment

2. MINUTES – January 17, 2024

Chairman Kepley entertained a motion to approve the minutes from January 17, 2024. Mayor Favale motioned to approve, and Mayor Carey supported it. The motion passed unanimously.

3. DISCUSSION

a. FY 24/25 Budget Guidelines – Ms. Linda Medina

Ms. Medina brought forth the budget guidelines, and she discussed what was changed:
- Service hours were reworded. Funding to be consistent with The Rapids guiding policy, enhanced frequency and the span of hours for convenient mobility for the residents of the six cities
- Admin/Union Defined Benefit Plan. The strategy for FY 25 the plan is to make a high contribution.
- Section 5307 funds. For FY 25 we will be at or below $4M.

- Contract Service ITP will optimize excess capacity in the system. The contract rate is prorated by revenue miles, trips and hours. No local funds are used for the service.
- State Operating Assistance has not changed. It is lower at the current rate of 33.7%.
- NO fare increase. The Rapid is proposing that if the State Operating Assistance gets to 29%, The Rapid will do an analysis that will show fare structure and how it performs.
- Unrestricted net reserve is the same.
- Millage rate is flat at 1.47%
- Compensation Philosophy is looking at adjustments to the administrative salary structure based on labor market data.

Mayor Carey asked regarding fare increase, if we will be under 29%, could it be that its change or the board decides not to make a change under 29%.

Ms. Prato agrees it is not desirable to change the fare structure. However, it gives The Rapid a mandate to do a structure analysis to bring back to the board. She added The Rapid has very limited self-help options.

Mr. Gilbert agrees it is a worthwhile exercise to understand the impact of fare rate and ridership.

Mayor Kepley asked what could the expectation of a fare increase be?

Mr. Monoyios replied there are elasticity models. For every 10% increase there was a 4% decrease in ridership.

Mayor Kepley remembers there were boxes to check at the federal level.

Mr. Monoyios replied yes, Title VI, Disport impact and disproportionate burden. There is a board established policy of 20% so any fare change that impacts 20% of low income or minority populations more than the full system, that is the red flag.

Mr. Gilbert asked Mr. Monoyios to send some of those models to him for review.

Mr. Monoyios added there are considerations to think through and the impact on the customers.

Mayor Favale asked when that last fare increase was.

Mr. Monoyios said the last fare increase was in 2015, and prior to that, it was in 2008.

Ms. Prato added that the wave card and fare capping policy was in 2021.

Mayor Kepley entertained a motion to approve the FY 24/25 Budget Guidelines. Mr. Gilbert motioned to approve, and Mayor Favale supported it. The motion passed unanimously.

b. Financial Planning & Analysis

Ms. Medina reviewed the February Operating Statement.
She noted through February we are 3% over budget on revenue.
Passenger fares are close to/slightly over budget.
Contract Service is down 2.5%. CMH contribution which are the rides in the current budget are at $34,000, we anticipate that increasing this school year.
Township services are the same as last month.
State Operating is down 6% due to expenses being down.
Property Taxes are consistent at 5% over
Advertising and Misc rates have been better than anticipated.
Mayor Kepley asked how much we are making. Ms. Medina replied between 3-5%.

Ms. Medina continues her report with the expenses.

Expenses Overall are13.5% under budget.
Administrative wages and benefits continue to be under budget.
Materials and Supplies are 14.1% under budget, with the majority being fuel.
Utilities, Insurance and Maintenance is 14.1% and that goes back to insurance policy coming in lower than budgeted.

Budget Timeline
Guidelines – Directors review their individual budgets.
Leadership will meet to discuss all budgets
Ms. Medina noted we will give a proposed budget to the Finance Committee by the end of June, the Board Budget Workshop is in July, and then a final budget will be approved by the board in August.

Contract Service
Ms. Medina noted we re-evaluate every year what we charge our partners. As discussed, the service is two years behind. The partner cost is under the FY 24/25, $72.78, which equates to a 5% increase from last year.
The Partner Rate for GoBus is $88.10 which equates to approximately a 10% increase. In FY 22/23 when Transdev came onboard there was a price increase as well. This rate includes a reduction from state operating assistance.

Mr. Sillanpaa added DASH is billed per revenue hours, except when they use a different vehicle.

Medical Insurance
Ms. Medina noted for FY 23/24 the premiums are slightly more than what our claims are. In the year coming up we are evaluating those numbers.
Last year we went from four (4) options to three (3) options.
Through HNI our prescription costs are 54% of total claims. We will look at how to reduce and control those costs. The next renewal meeting is scheduled for May 20th.

Mayor Carey inquired about reporting data from FY 23/24, and asked if it was through December or March? Ms. Medina replied it is through January. She added HNI is anticipating we may be approximately $600,000 lower.

Ms. Prato talked about Busch Drive in the future to co-locate Mr. Prescott's team and the dispatching team with our contractor Transdev. She noted the recommendation is to build new. Ms. Prato wished to share the renderings with this committee to start the conversation. This item will go to the April Board meeting.

Mayor Kepley asked if we have the money.

Mr. Wisselink replied our capital environment is sufficiently funded.

4. ADJOURNMENT

This meeting was adjourned at 5:13 p.m.

The next meeting is scheduled for June 12, 2024

Respectfully submitted,

Kris Heald, Board Secretary

THRIVING

Finance Committee Meeting

June 12, 2024

A framework for the future of connectivity.

Agenda

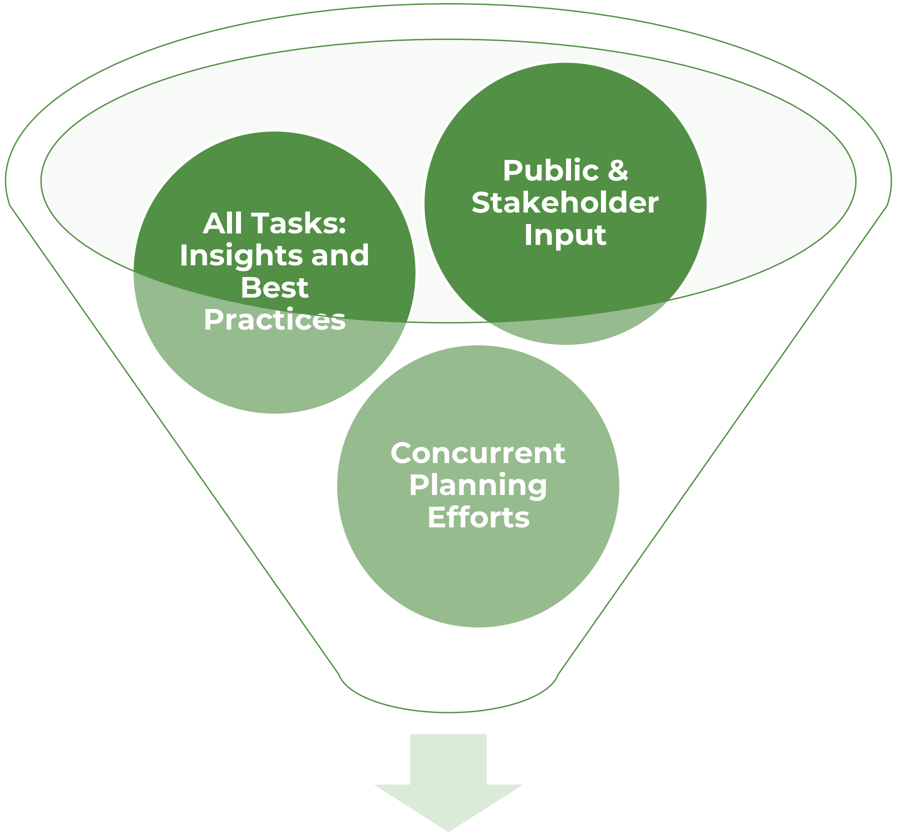
Project Overview

TMP Recommendation Concepts & Strategies

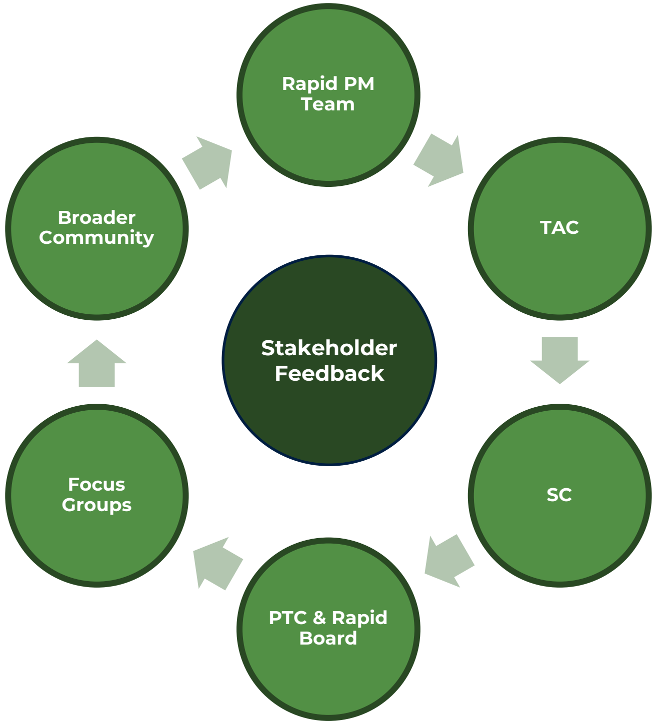
Discussion

THRIVING

Recommendations and Strategies: Development Process



DRAFT
TMP Recommendations & Strategies



Refine TMP Recommendations & Strategies

Final TMP Recommendations & Strategies

THRIVING

Project Status

IN PROGRESS

Public Involvement
Building partnerships (throughout the process, public workshops targeted for Fall 2023 and Spring 2024)

COMPLETE

Market Analysis
Transit demand, travel patterns, mobility need

IN PROGRESS

Future Options and Scenarios Analysis
Who and where to serve? How?

Existing and Future Conditions Analysis
Strengths, weaknesses, opportunities, threats

COMPLETE

Peer Review
Best practices from similar and aspirational mobility providers

COMPLETE

THE rapid

THRIVING

Project Status

COMPLETE

West Michigan Express Planning
Reassess feasibility, develop implementation plan

IN PROGRESS

Planning Guidelines, Policies and Performance Measures
How to measure and ensure success?

IN PROGRESS

Administrative and Operational Staffing Evaluation
How to staff?

COMPLETE

Corridor Analysis
Connections to places outside current service area

IN PROGRESS

Fleet, Facilities and IT Strategy
How to support?

THE rapid

THRIVING

Project Status

IN PROGRESS

Joint Development Opportunities
How to shape what happens next to transit?

ON DECK

Phased Implementation Strategy

Final Transit Master Plan

Financial and Funding Analysis
How to fund?

IN PROGRESS

The Rapid

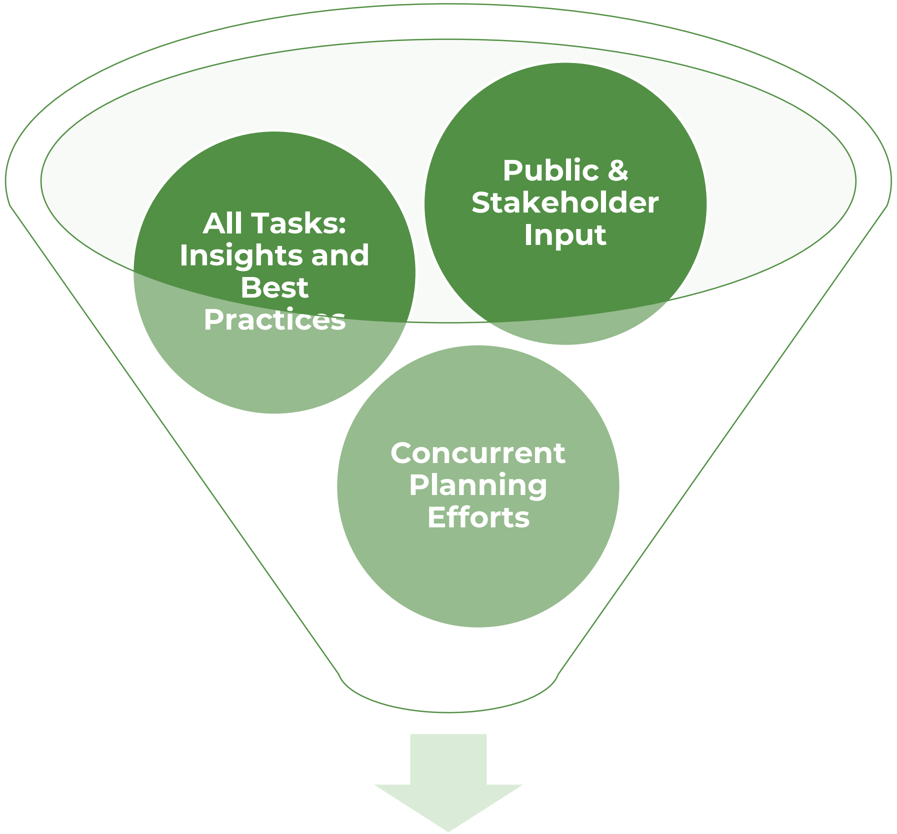
Next Steps

Finalize Recommendations
- Committee feedback
- Public feedback

Develop "TMP Roadmap to Implementation"
- Prioritized strategies
- Funding tools
- Implementation strategies

Recommendation Concepts & Strategies

Recommendation Concepts and Strategies: Development Process



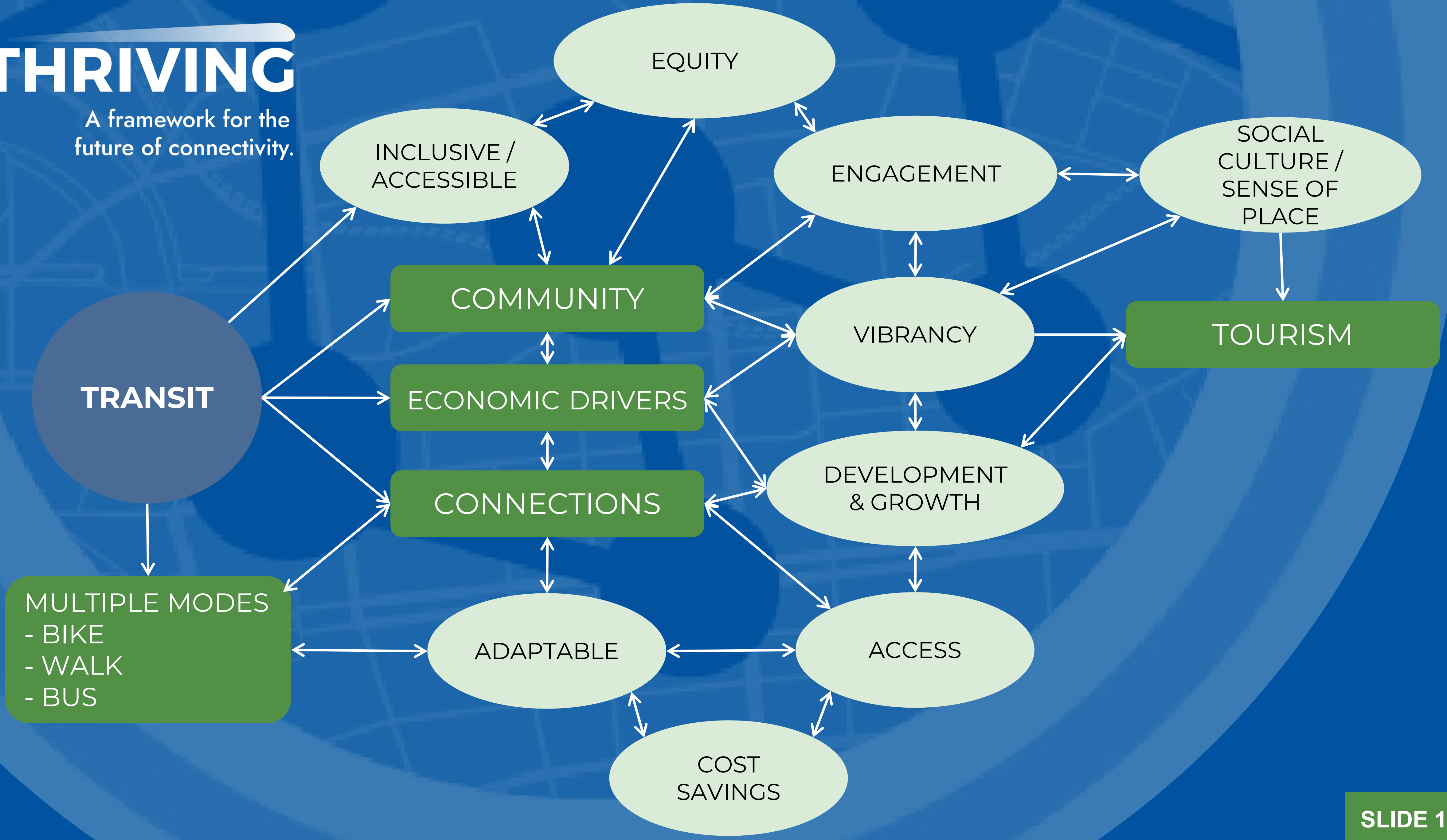
DRAFT
TMP Recommendations & Strategies

Refine TMP Recommendations & Strategies

Final TMP Recommendations & Strategies

THRIVING

A framework for the future of connectivity.



Roadmap to Implementation

Each Recommendation Concepts & Strategy will be Evaluated by

→ **Funding Scenarios**

A. Existing funding / cost-neutral
B. Strategically prepare for and pursue discretionary funding opportunities
C. Pursue long-term sustainable funding sources for operations

→ **Staffing Scenarios**

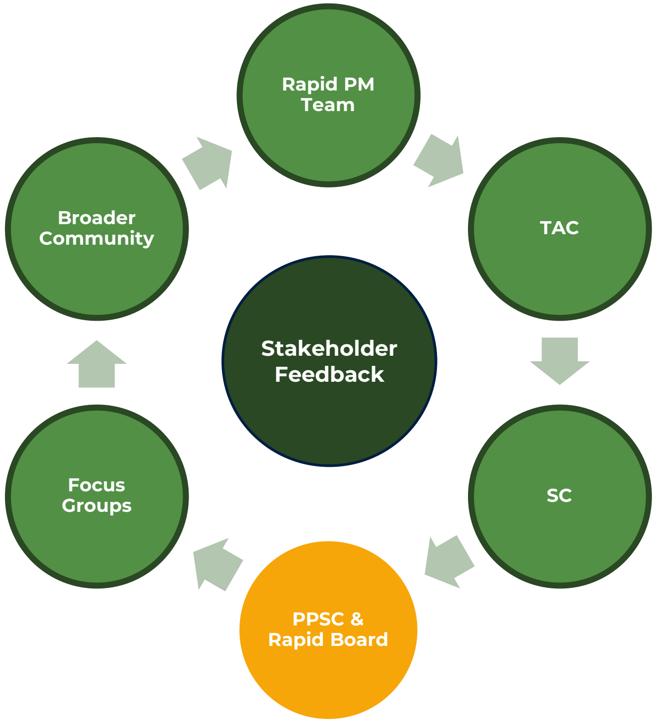
→ **Estimated Cost**

→ **Implementation Timeline**

Near-term (less than five years)
Mid-term (five to ten years)
Long-term (over ten years)
Ongoing

→ **Implementation Partners**

→ **Guiding Principles**



THRIVING

Guiding Principles

At The Rapid, we are the transportation provider of choice and convenience because...

COMMUNITY | We reflect you and your needs.

GROWTH | We plan for action.

CONVENIENCE | We serve for user experience.

INTERNAL WORKFORCE | We value employee personal growth.

(Engaged and prepared to meet our future challenges)

ADAPTABILITY | We're future-flexible.

DRAFT Recommendation Concepts

- Community Awareness and Education
- Existing Service Improvements
- Future Service Expansion
- Transit-Oriented Development
- Innovation & Technology
- Regional Partnerships
- Sustainable Funding
- Internal Workforce Development

Community Awareness and Education

** Required for long-term implementation*

Near Term	Cost
Establish additional ITP **community marketing and/or outreach strategies** and programming, such as • Community "adopt-a-stop“ • Youth education program (with schools) • Community transit ambassador • New stop placement and design coordinated with local stakeholders to promote placemaking	
Promote use and ease of use of transit by partnering with external stakeholders to expand cohesive **advertising and marketing**	
Engage **tourism and visitors'** organizations to promote transit services to tourist, visitors, and to special events	
Partner with GVMC’s **Transportation Demand Management (TDM)** Mobility Manager program	

Existing Funding *Discretionary Funding* *Sustainable Funding*

Existing Service Improvements

** Required for long-term implementation*

Underway	Cost
Examine and identify options to improve the effectiveness of **microtransit**	*
Evaluate and improve **paratransit** customer experience.	*

Existing Funding *Discretionary Funding* *Sustainable Funding*

Existing Service Improvements

** Required for long-term implementation*

Near Term	Cost
Review feasibility of implementing **first-mile / last-mile** mobility solutions (e.g., micromobility) to ITP member communities.	*
Continue to invest in existing productive routes such as LL, SL, 1, 2, 4, 9, 11 and 28, by increasing service efficiency, frequency, and OTP.	
Perform a **route network redesign** that incorporates additional mobility hubs/transfer centers within the ITP service area, in tandem with joint development and mobility hub strategies.	*
Analyze opportunities for fare coordination with regional **multi-modal fare** structures.	*
Strengthen customer service by evaluating and establishing **on-board customer conveniences.**	*
Examine and upgrade **customer facing technology** (such as websites, apps, and/or dynamic signage) in alignment with the ITP Strategic Technology Plan.	*
Establish **bus stop design** guidelines (i.e. right-of-way accommodations for stop locations)	*
Extend service hours for later weekday service (including late-night for 2nd/3rd shift) and include weekends.	*

Existing Funding *Discretionary Funding* *Sustainable Funding*

Existing Service Improvements

** Required for long-term implementation*

Mid Term	Cost
Implement a high-frequency **core network redesign** along key corridors, connecting major activity and mobility hubs, especially as ridership and demand increases.	*
Identify and evaluate opportunities for **high-capacity services (BRT, LRT)** along high performing corridors.	*
Investigate operational efficiencies of **new or relocated operations facilities.**	*

Long Term	
Continue to evaluate feasibilitiy for **Light-Rail Transit (LRT) services or Commuter-Rail Transit (CRT)** services along existing high-capacity bus corridors, especially as ridership and demand increases.	*

Existing Funding *Discretionary Funding* *Sustainable Funding*

Future Service Expansion

** Required for long-term implementation*

Near Term	Cost
Cultivate opportunities & relationships (outside of ITP service area)to provide **service area extensions** or other context-relevant services to non-ITP member jurisdictions. Advance opportunities with private sector employers and institutions for providing contracted last-mile service connections.	
Implement **West Michigan Express pilot** express bus service along Chicago Dr corridor, including a guaranteed ride home program.	*
Review feasibility of various recommended **intercounty service** concepts, such as: • Alpine Ave: Extension of route 9 and/or new Alpine Rapid Connect Zone • Walker Ave: New bus service and/or realignment of the Walker Rapid Connect Zone • Plainfield Ave: Extension of route 11 and/or new Plainfield Rapid Connect Zone • Barry St/54th Ave: New bus service between Grandville and the Airport • US-131: Express or limited bus service between Wayland and Grand Rapids with park and rides in Wayland, Moline, Cutlerville, and Kentwood	*

Any concepts outside the ITP member communities will require additional funding.

Existing Funding *Discretionary Funding* *Sustainable Funding*

Future Service Expansion

** Required for long-term implementation*

Mid Term

Cost

Advance feasibility of **adding adjacent municipalities/townships** to expand the ITP service area.

Review feasibility of various **intercounty service concepts**, such as:

- Lake Michigan Dr: Laker Line extension or Allendale Charter Township Rapid Connect Zone.
- Zone Two: Limited or express bus along US-31 or developing context-sensitive services in areas of localized connectivity

*

Long Term

Review feasibility of **intercounty service concepts** as areas experience growth:

- 84th St
- Beltline Ave/Broadmoor Ave

*

Existing Funding *Discretionary Funding* *Sustainable Funding*

Transit-Oriented Development

** Required for long-term implementation*

Near Term

Cost

- Broaden transit-supportive **streetscape and roadway** design guidelines
- Establish **mobility hub** standards and policies
- Establish Transit-Oriented Development (TOD) and development **design guidelines.**
- **Leverage redevelopment potential of Rapid-owned assets** and sites, such as the Rapid Central Station, by executing recommended joint development strategies. *

Mid Term

- **Leverage redevelopment potential of Rapid-owned assets** and sites, such as the Rapid Operations Center or 60th and Division Station, as the surrounding markets strengthen. *
- Establish a team of staff dedicated to advancing TOD strategies.

Existing Funding *Discretionary Funding* *Sustainable Funding*

Innovation and Technology

** Required for long-term implementation*

Near Term	Cost
Consolidate wayfinding and fare payment apps into a **mobility wallet** and/or MaaS, such as the Mobile GR Mobility Wallet, by coordinating with regional stakeholders and evaluating available technology.	* *
Explore and evaluate **dynamic wayfinding and passenger information** technologies, such as real-time information displays, for stops and stations.	* *
Explore and evaluate **microtransit and paratransit operation software** and technologies to improve coordination and efficiencies between the two services.	* *
Refine the **ZEB (EV/Hydrogen) Transition Plan** to incorporate new service options and technology improvements through periodic updates.	* *

Mid Term

Strengthen regional mobility coordination opportunities by assessing **Mobility as a Service (MaaS)** options as technology advances.

Long Term

Review **autonomous vehicle integration** feasibility as technology advances.

Existing Funding *Discretionary Funding* *Sustainable Funding*

Regional Partnerships

** Required for long-term implementation*

Near Term	Cost
Transit-Oriented Development: Engage with local stakeholders to evaluate mobility and land use needs and opportunities within key redevelopment areas, especially in context of Rapid TOD/Joint Development strategies and ITP Member Communities' Master Plans.	*
Service Expansion: Engage with local communities to establish service agreement standards which allow extensions, or other context-relevant service expansion, in non-ITP member jurisdictions.	*
Regional Coordination: Endorse the GVMC's efforts to align regional mobility services by contributing to the GVMC TDM working groups and engaging with jurisdictions to implement TDM strategies.	*
Mobility Hubs: Collaborate with local governments to select and develop mobility hub sites.	* *
Discretionary Funding: Support regional transit and mobility initiatives by pursuing discretionary funding opportunities in partnership with GVMC and member jurisdictions.	
Regional Growth: Collaborate with regional economic development corporations to align mobility solutions and regional growth needs, such as marketing contracted services and last mile solutions to private sector employers and institutions.	

Existing Funding *Discretionary Funding* *Sustainable Funding*

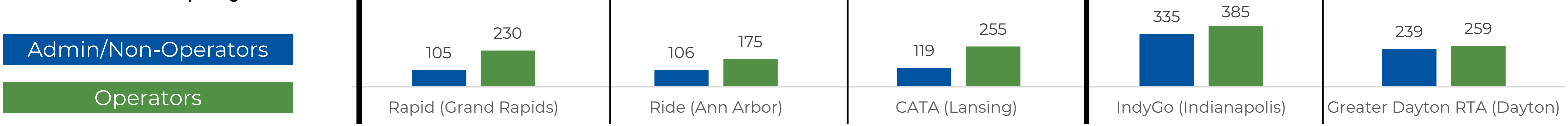
DRAFT Recommendation Concepts

- Community Awareness and Education
- Existing Service Improvements
- Future Service Expansion
- Transit-Oriented Development
- Innovation & Technology
- Regional Partnerships
- Sustainable Funding
- Internal Workforce Development

Staffing Assessment: Peer Comparison

	The Rapid	The Ride	CATA	IndyGo	Greater Dayton
Service Area (sq miles)	155	130	136	370	274
Buses in Max Service	99	75	89	133	60
Revenue Hours	504,554	352,599	412,425	666,606	414,599
Ratio of Non-Operator Hours to Revenue Hours	0.40	0.48	0.50	0.94	1.24

Number of Employees



Source: National Transit Database 2022

- Revenue hours compared to staffing ratios are lower compared to peers
- If service and/or programming is expanded, admin/non-operator ratios will need to be evaluated appropriately

Staffing codes for eventual recommendations

Code 1. Existing staffing

Strategy has an expected moderate to low demand on current staff and could be feasibly achieved without additional staffing support needed.

Code 2. One-time external staffing assistance

Strategy has an expected moderate to high draw on current staff but may be feasibly achieved with one-time external assistance, such as contracted professional services or partnership through local or regional jurisdictions.

Code 3. Additional staff needed

Strategy has an expected moderate to high draw on current staff and may not be feasibly achieved without additional long-term staffing support.

May apply to proportional increase in staff relative to revenue hours or staffing to support new administrative initiatives.

Funding Tools

Directly Generated Revenue

Fares
Advertising
Sale of Transportation Services
Park and Ride fees

Tax-Derived Sources (Local)

Millage rate
(Local option) Gas Tax
Alcohol/Tobacco/Lottery Tax
Sales Tax
General Revenue
TNC/ Rental Car Tax
Motor Vehicle Tax

Other State Sources

Formulaic - State Operating Assistance
Formulaic - State Capital Assistance

Other Federal Sources

Locally-Decided Discretionary Grants
Federally-Decided Discretionary Grants
Formula Grants

Fees / Fines

Local Parking Fees
Local Vehicle Registration Fee
License and Title Fees
Fine for Emissions Violation
Fines for Traffic and Parking Violation

Value Capture

Joint Development - Sale of land
Joint Development - Land lease
Tax Increment Financing (TIF)
Transportation Reinvestment Zones (TRZ)
Public Improvement Districts (PID)/Management Districts

Funding Tools

Existing funding / cost-neutral

Local property tax/transit millage (1.47)
Fares*
Sale of transportation services*
Advertising*

Discretionary / one-time funding

Federal grants
State assistance

**Aside from the property tax/millage, directly generated and local sources are generally lower value, more reliant on ridership trends, and have less room for year-over-year growth compared to the millage.*

Funding Tools

Long-term sustainable / recurring funding

Local property tax/transit millage (>1.47)
Sales tax
Excise tax (Gas tax, TNC tax, motor vehicle sales tax, etc.)
Fees and fines (e.g., parking fees, vehicle registration fees, etc.)
Joint development revenue (cash, long-term lease agreements, etc.)
Value capture (TRZ, TIFs, PIDs, etc.)
Park and Ride fees

Funding Tools

Discretionary / one-time funding

	Type	Use	Pot. Rev.	Challenges
Federal grants	Discretionary, Formulaic	Capital, Planning	Varies	
State assistance	Formulaic	Operations / Maintenance, Capital	Significant	

Potential Revenue:
Low: *if lost, should not fundamentally change service revenue (<2%)*
Moderate: *if lost, may impact service revenue (~10%)*
Significant: *if lost, would have significant loss on service revenue. If gained, could fundamentally change the system.*

Funding Tools

Long-term sustainable funding

	Type	Use	Pot. Rev.	Challenges
Sales tax	Annual / Recurring	Depends on legislation	Moderate	• Legislative action needed
Excise tax	Annual / Recurring	Depends on legislation	Varies	• Legislative action needed
Fees and fines	Annual / Recurring	Operations / Maintenance	Low	• No leg. action needed. • Likely already obligated.

Potential Revenue:
Low: *if lost, should not fundamentally change service revenue (<2%)*
Moderate: *if lost, may impact service revenue (~10%)*
Significant: *if lost, would have significant loss on service revenue. If gained, could fundamentally change the system.*

Funding Tools

Long-term sustainable funding

	Type	Use	Pot. Rev.	Challenges
Joint Development Revenue	One time, Annual / Recurring	Capital or Operations / Maintenance	Moderate	Real estate deals are complex and depend on the market
Value Capture	One time, Annual / Recurring	Capital	Moderate	Complex, subject to what is allowed under state TIF enabling law

Potential Revenue:
Low: *if lost, should not fundamentally change service revenue (<2%)*
Moderate: *if lost, may impact service revenue (~10%)*
Significant: *if lost, would have significant loss on service revenue. If gained, could fundamentally change the system.*

Discussion

→ Which funding tools do you think are worth exploring and learning more about?

THRIVING

Thank You!

A framework for the future of connectivity.

Financial Planning & Analysis

The Rapid

Finance Committee

June 12th, 2024

Table of Contents

April 2024 Operating Statement - Revenues

	YTD as of April 30, 2024		Variance		Last Year FY 22/23	Current Year FY 23/24
	Budget	Actual	$	%	YTD Actual	Annual Budget
Revenues and Operating Assistance						
Passenger Fares	$ 2,844,606	$ 2,798,086	$ (46,520)	-1.6%	$ 2,572,993	$ 4,895,883
Sale of Transportation Services						
CMH Contribution	259,777	209,157	(50,620)	-19.5%	243,804	447,839
Dash Contract	1,082,122	1,198,961	116,839	10.8%	954,397	1,856,468
Grand Valley State University	2,580,062	2,381,447	(198,615)	-7.7%	2,162,087	3,682,642
Van Pool Transportation	-	-	-	0.0%	(1,242)	-
Township Services	112,977	132,622	19,645	17.4%	238,706	185,836
Other	153,291	141,760	(11,531)	-7.5%	142,278	218,635
Subtotal Sale of Transportation Services	4,188,229	4,063,947	(124,282)	-3.0%	3,740,030	6,391,421
State Operating	11,295,848	9,567,294	(1,728,554)	-15.3%	8,280,928	18,870,616
Property Taxes	11,468,918	12,034,215	565,297	4.9%	10,866,114	19,661,002
Advertising & Miscellaneous	428,983	1,577,672	1,148,689	267.8%	815,059	714,020
Subtotal Revenues and Operating Assistance	30,226,584	30,041,213	(185,371)	-0.6%	26,275,124	50,532,941
Grant Operating Revenue	-		-	0.0%	9,342,354	70,907,963
Unrestricted Net Reserves	-	-	-	0.0%	-	5,474,451
Total Revenues and Operating Assistance	**$ 30,226,584**	**$ 30,041,213**	**$ (185,371)**	**-0.6%**	**$ 35,617,478**	**$ 56,007,392**

April 2024 Operating Statement - Expenses

	YTD as of April 30, 2024		Variance		Last Year FY 22/23	Current Year FY 23/24
	Budget	Actual	$	%	YTD Actual	Annual Budget
Expenses						
Salaries and Wages						
Administrative	$ 4,016,527	$ 3,440,147	$ (576,380)	-14.4%	$ 3,242,007	$ 7,226,977
Operators	9,249,905	7,321,501	(1,928,404)	-20.8%	7,750,061	16,033,168
Maintenance	1,605,495	1,413,681	(191,814)	-11.9%	1,287,018	2,782,858
Subtotal Salaries and Wages	14,871,927	12,175,328	(2,696,598)	-18.1%	12,279,086	26,043,003
Benefits	6,486,695	4,972,428	(1,514,266)	-23.3%	5,333,905	10,842,785
Contractual Services	1,777,928	1,777,923	(5)	0.0%	1,637,511	3,912,166
Materials and Supplies				0.0%		-
Fuel and Lubricants	1,707,109	1,337,695	(369,414)	-21.6%	1,651,079	3,026,466
Other	1,026,729	1,026,752	23	0.0%	893,251	1,969,374
Subtotal Materials and Supplies	2,733,838	2,364,447	(369,391)	-13.5%	2,544,329	4,995,840
Utilities, Insurance, and Miscellaneous	3,033,325	2,775,271	(258,054)	-8.5%	3,125,635	5,699,115
Purchased Transportation	4,967,615	5,138,172	170,557	3.4%	3,922,825	8,514,483
Expenses Before Capitalized Operating	33,871,327	29,203,570	(4,667,757)	-13.8%	28,843,291	60,007,392
Capitalized Operating Expenses	(944,202)	(944,202)	(0)	0.0%	(485,400)	(4,000,000)
Total Operating Expenses	**$ 32,927,126**	**$ 28,259,368**	**$ (4,667,758)**	**-14.2%**	**$ 28,357,891**	**$ 56,007,392**
Net Surplus/(Deficit) without Net Reserves		**$ 1,781,845**			**$ 7,259,587**	
Net Surplus/(Deficit) with Net Reserves		**$ 1,781,845**				

April 2024 Operating Statement – Highlights

- Revenue is 0.6% under forecast through April
  - Passenger fares are 1.6% under forecast, due to low Paratransit ridership
  - Sale of transportation services is slightly under forecast
    - CMH trips 15% under forecast
    - 5% reduction in GVSU contracted hours compared to budgeted
  - State operating assistance is trending under forecast because revenues received are based on actual eligible expenses
- Expenses continue to trend under forecast, 14.2% through the month of April
  - Wages and fringes are below budgeted levels, but the focus remains on employee recruitment and retention
  - Fuel expenses continue to remain below forecasted levels due to favorable prices
  - Insurance premiums are lower than what was first anticipated, and claims remain low
- $944,202 has been identified as eligible for Federal 5307 preventative maintenance funding to be used in the operating environment

Fare History

- Board adopted Fare Policy Guidelines on August 28th, 2013, effective immediately
  - Ridership, Equity, Accessibility, Revenue, Recovery, & Efficiency

- Board adopted Fare Policy and Changes on February 26th, 2014, effective August 2014
  - See attached fare policy
  - Fare Changes
    - Established 7-day pass
    - Eliminated 4-day pass
    - Reduced single day pass from $4.60 to $3.00

- Board adopted Fare Increase on August 26, 2015, effective October 2015
  - Adult fare increased from $1.50 to $1.75
  - Go!Bus fare increased from $3.00 to $3.50
  - 31-day pass increased from $40 to $47

Fare History

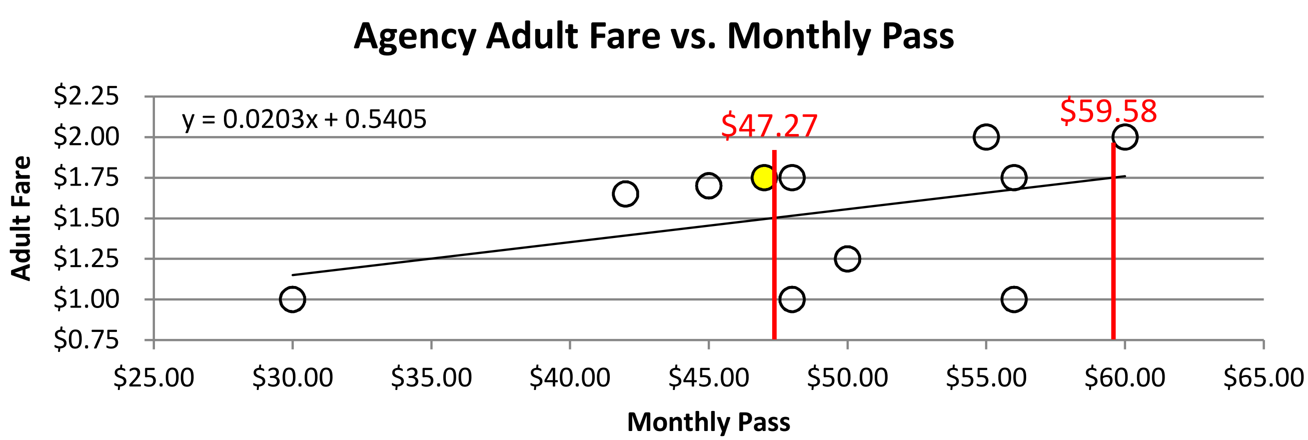
- Board adopted Fare Structure Changes on May 24, 2017, effective August 14, 2018
  - Implemented Electronic Fare System and Capped Fares
  - Replacement of Period Passes and Ride Cards with Capped Fare
  - Elimination of most stored ride cards, including:
    - Reduced Fare 10-ride cards
    - Student 10-ride cards

- Board adopted Fare Change Recommendations on March 24, 2021, effective July 2021
  - Combined and standardized discounted fare programs to $1.25/ ticket
  - Elimination of 7-day fare cap
  - Removal of negative balance on Wave cards

2022 NTD Peer Fare Comparisons - POPULATION

UZA POPULATION	NTD 2022 DATA	FARE DATA		
	POPULATION	ADULT FARE	MONTH PASS	FARE CAP?
Akron, OH	541,879	$ 1.25	$ 50.00	NO
Des Moines, IA	542,486	$ 1.75	$ 48.00	NO
Bakersfield, CA	570,235	$ 1.65	$ 42.00	NO
Albany, NY	593,142	$ 1.70	$ 45.00	NO
Knoxville, TN	597,257	$ 1.00	$ 30.00	NO
Grand Rapids, MI	605,666	$ 1.75	$ 47.00	YES
Allentown, PA	621,703	$ 2.00	$ 60.00	NO
Baton Rouge, LA	631,326	$ 1.75	$ 56.00	NO
Dayton, OH	674,046	$ 2.00	$ 55.00	YES
Rochester, NY	704,327	$ 1.00	$ 56.00	NO
Fresno, CA	717,589	$ 1.00	$ 48.00	NO

- **Population** peer group with The Rapid as the median (NTD 2022 data)
- Current adult fare & monthly pass tabulated per agency
- Linear regression plotted (x-axis = monthly pass, and y-axis = adult fare) for each agency
- Trendline equation data concludes:

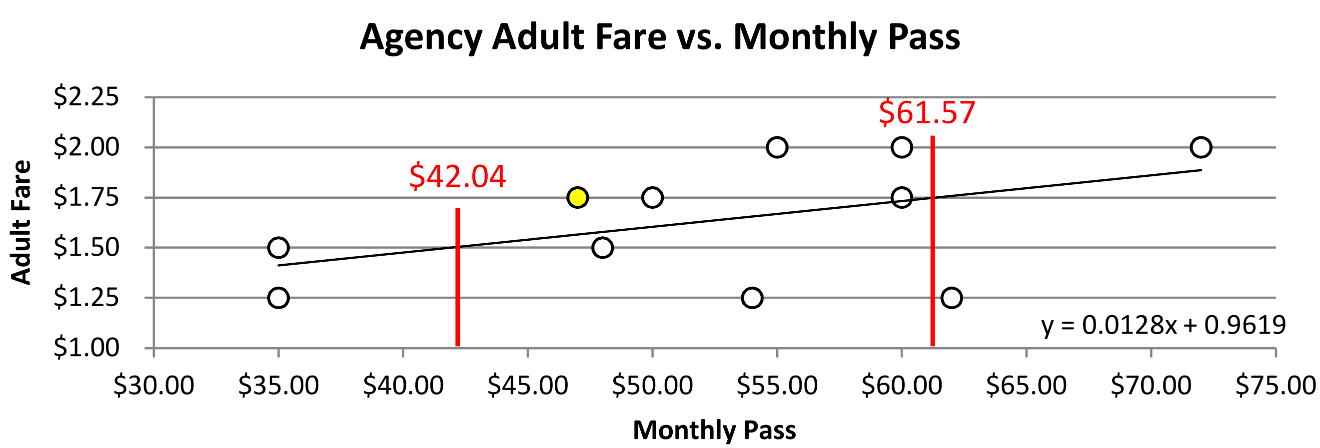


IF ADULT FARE IS:	THEN MONTHLY SHOULD BE:
$1.50	$47.27
$1.75	$59.58
$2.00	$71.90

2022 NTD Peer Fare Comparisons - RIDERSHIP

RIDERSHIP	NTD 2022 DATA	FARE DATA		
	RIDERSHIP	ADULT FARE	MONTH PASS	FARE CAP?
Dayton, OH	3,694,674	$ 2.00	$ 55.00	YES
Vancouver, WA	3,796,727	$ 1.25	$ 62.00	YES
Gainesville, FL	4,302,010	$ 1.50	$ 35.00	NO
Indianapolis, IN	4,613,954	$ 1.75	$ 60.00	NO
Everett, WA	4,673,114	$ 2.00	$ 72.00	NO
Grand Rapids, MI	4,814,645	$ 1.75	$ 47.00	YES
El Paso, TX	4,928,858	$ 1.50	$ 48.00	NO
Dover, DE	4,948,888	$ 2.00	$ 60.00	NO
Louisville, KY	5,018,823	$ 1.75	$ 50.00	NO
Lansing, MI	5,094,518	$ 1.25	$ 35.00	NO
Springfield, MA	6,077,602	$ 1.25	$ 54.00	NO

- **Ridership** peer group with The Rapid as the median (NTD 2022 data)
- Current adult fare & monthly pass tabulated per agency
- Linear regression plotted (x-axis = monthly pass, and y-axis = adult fare) for each agency
- Trendline equation data concludes:

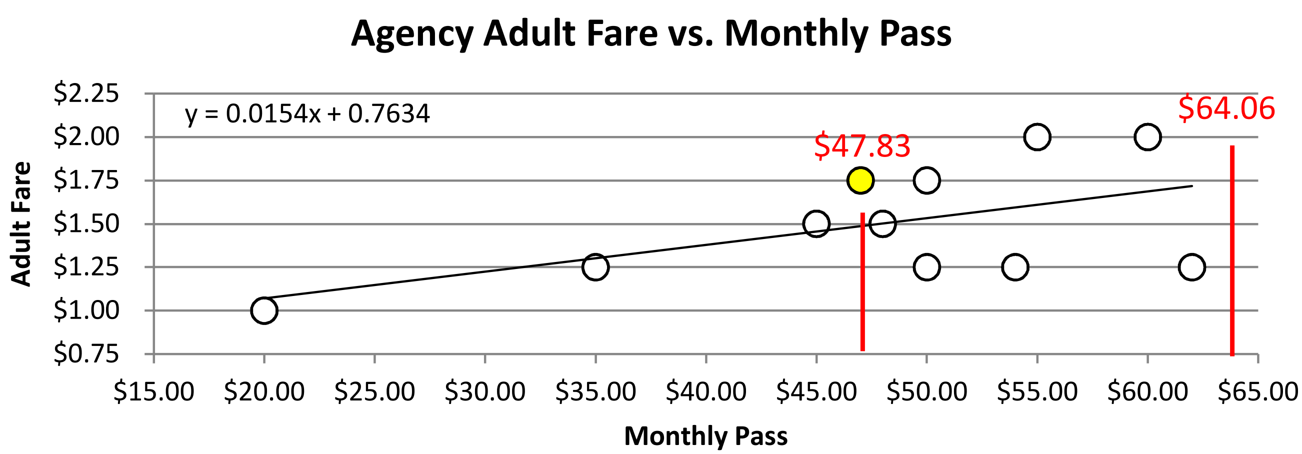


IF ADULT FARE IS:	THEN MONTHLY SHOULD BE:
$1.50	$42.04
$1.75	$61.57
$2.00	$81.10

2022 NTD Peer Fare Comparisons – OPERATING BUDGET

OPERATING BUDGET	NTD 2022 DATA	FARE DATA		
	OPER. BUDGET	ADULT FARE	MONTH PASS	FARE CAP?
Allentown, PA	32,711,342	$ 2.00	$ 60.00	NO
Eugene, OR	34,366,986	$ 1.75	$ 50.00	YES
Ann Arbor, MI	34,395,361	$ 1.50	$ 45.00	NO
Dayton, OH	35,240,447	$ 2.00	$ 55.00	YES
Lansing, MI	35,476,882	$ 1.25	$ 35.00	NO
Grand Rapids, MI	35,880,074	$ 1.75	$ 47.00	YES
Champaign, IL	38,079,303	$ 1.00	$ 20.00	NO
Akron, OH	38,200,740	$ 1.25	$ 50.00	NO
El Paso, TX	43,691,972	$ 1.50	$ 48.00	NO
Springfield, MA	45,006,482	$ 1.25	$ 54.00	NO
Vancouver, WA	47,490,144	$ 1.25	$ 62.00	YES

- **Operating Budget** peer group with The Rapid as the median (NTD 2022 data)
- Current adult fare & monthly pass tabulated per agency
- Linear regression plotted (x-axis = monthly pass, and y-axis = adult fare) for each agency
- Trendline equation data concludes:

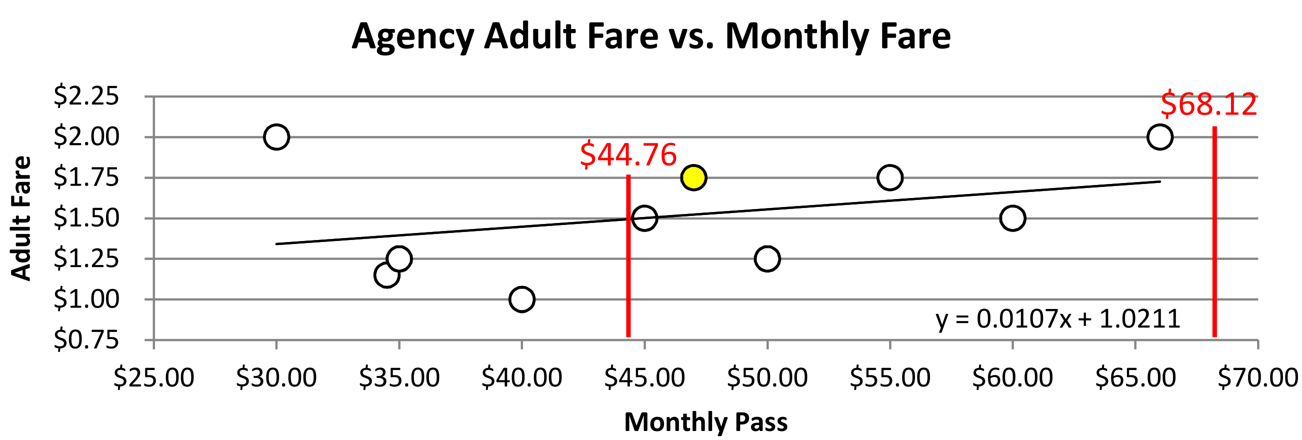


IF ADULT FARE IS:	THEN MONTHLY SHOULD BE:
$1.50	$47.83
$1.75	$64.06
$2.00	$80.30

2022 NTD Peer Fare Comparisons - MICHIGAN

MICHIGAN	NTD 2022 DATA	FARE DATA		
+100,000 pop.	UZA POPULATION	ADULT FARE	MONTH PASS	FARE CAP?
Holland, MI	107,034	$ 1.15	$ 34.50	YES
Saginaw, MI	116,058	$ 1.00	$ 40.00	NO
Muskegon, MI	166,414	$ 1.25	$ 50.00	NO
Kalamazoo, MI	204,562	$ 1.50	$ 60.00	NO
Flint, MI	298,964	$ 1.75	$ 55.00	NO
Ann Arbor, MI	317,689	$ 1.50	$ 45.00	NO
Lansing, MI	318,300	$ 1.25	$ 35.00	NO
Grand Rapids, MI	605,666	$ 1.75	$ 47.00	YES
SMART (Detroit Metro)	3,776,890	$ 2.00	$ 30.00	NO
Detroit	3,776,890	$ 2.00	$ 66.00	NO

- **Michigan** peer group sorted by population (NTD 2022 data)
- Current adult fare & monthly pass tabulated per agency
- Linear regression plotted (x-axis = monthly pass, and y-axis = adult fare) for each agency
- Trendline equation data concludes:

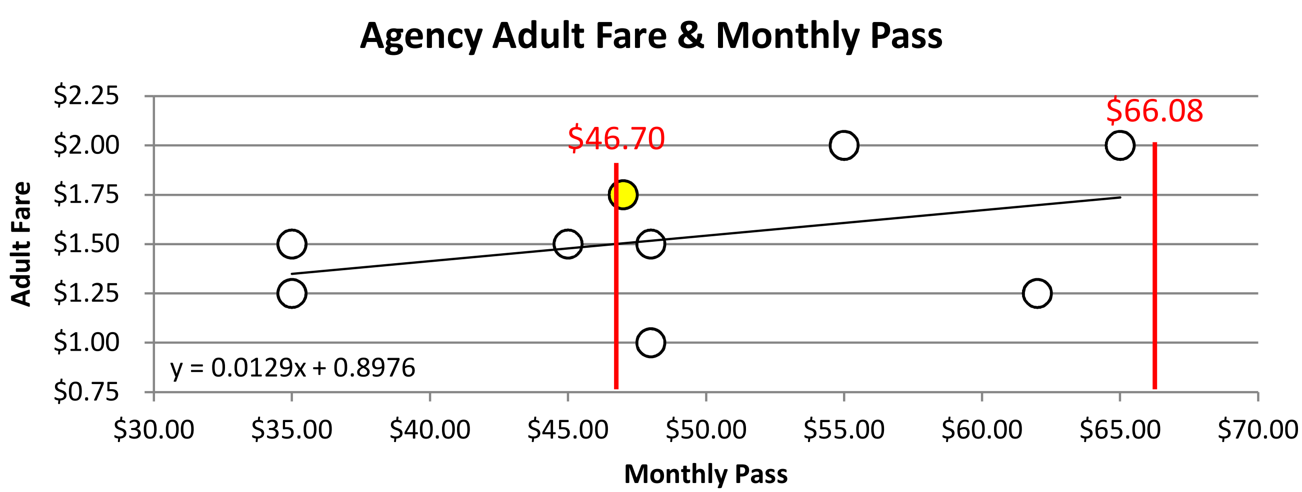


IF ADULT FARE IS:	THEN MONTHLY SHOULD BE:
$1.50	$44.76
$1.75	$68.12
$2.00	$91.49

2022 NTD Peer Fare Comparisons – Transit Master Plan (TMP)

TMP	NTD 2022 DATA	FARE DATA		
		ADULT FARE	MONTH PASS	FARE CAP?
MI, Op. Bud.	Ann Arbor, MI	$ 1.50	$ 45.00	NO
Op. Bud., Rider., Pop.	Dayton, OH	$ 2.00	$ 55.00	YES
Op. Bud., Rider.	Vancouver, WA	$ 1.25	$ 62.00	YES
Rider.	Gainesville, FL	$ 1.50	$ 35.00	NO
Rider.	El Paso, TX	$ 1.50	$ 48.00	NO
MI, Op. Bud., Rider.	Lansing, MI	$ 1.25	$ 35.00	NO
Pop.	Fresno, CA	$ 1.00	$ 48.00	NO
N/A	Madison, WI	$ 2.00	$ 65.00	NO
	Grand Rapids, MI	$ 1.75	$ 47.00	NO

- **TMP** peer group
- Current adult fare & monthly pass tabulated per agency
- Linear regression plotted (x-axis = monthly pass, and y-axis = adult fare) for each agency
- Trendline equation data concludes:



IF ADULT FARE IS:	THEN MONTHLY SHOULD BE:
$1.50	$46.70
$1.75	$66.08
$2.00	$85.46

Peer Fare Results for Monthly Pass Fare Cap Amount

PEER GROUP	ADULT FARE:	MONTHLY PASS/CAP:	DIFFERENCE TO THE RAPID	ANNUAL REVENUE POTENTIAL?
POPULATION	$1.75	$59.58	+$12.58	$3.8M
RIDERSHIP	$1.75	$61.57	+$14.57	$4.4M
OPERATING BUDGET	$1.75	$64.06	+$17.06	$5.1M
MICHIGAN	$1.75	$68.12	+$21.12	$6.3M
TMP	$1.75	$66.08	+$19.08	$5.8M
THE rapid	**$1.75**	**$47.00**		

Next Steps & Process

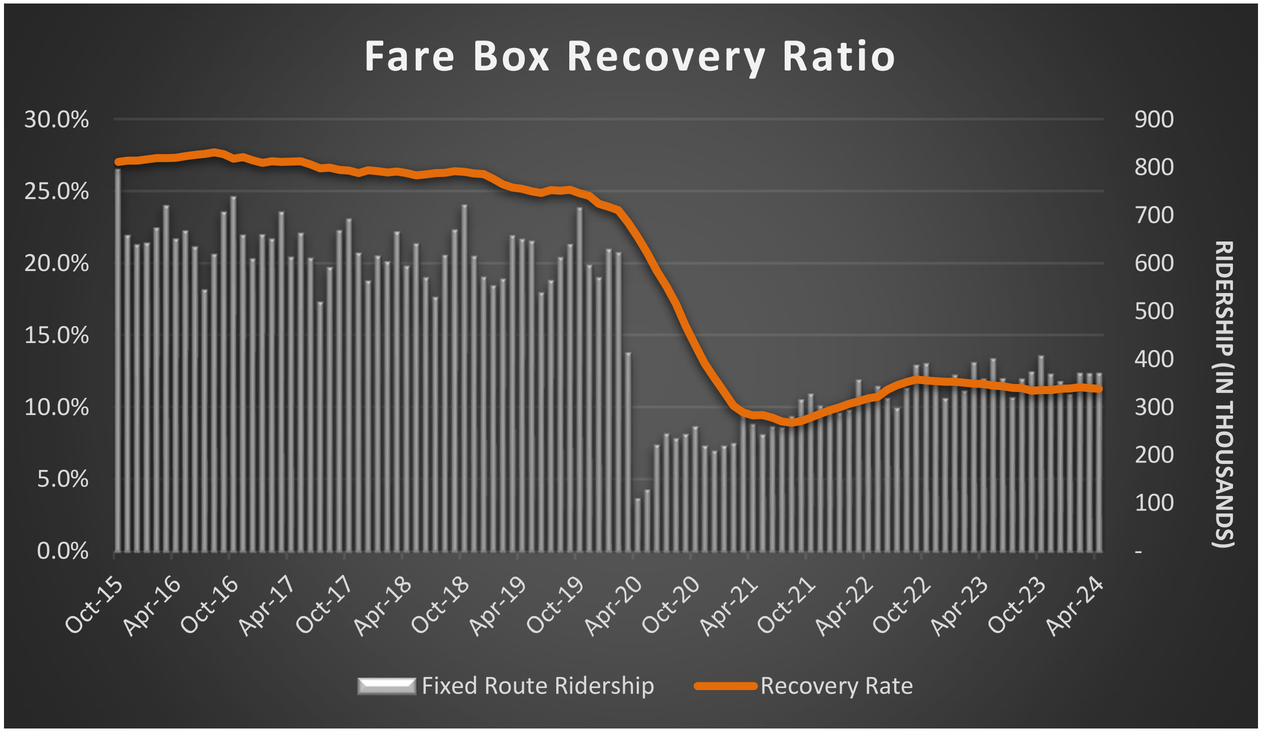
- Title VI Fare Equity Analysis - on-board survey (6 weeks minimum)
- Seek Board approval for engaging in public hearings
- Outreach and announcement of public hearings (4 weeks minimum)
  - Disparate Impact and Disproportionate Burden (DIDB) Analysis
- Public hearings (1 week minimum)
- Internal administrative considerations (2 weeks minimum)
- Staff recommendation to Board (2 weeks minimum)
- Contingent on Board approval (4 weeks minimum)
  - Marketing and outreach
  - Required software and hardware adjustments
- Implementation required at the start of a month

Farebox Recovery Rate

- Formula for calculating ratio:

$$\frac{Total\ Fares}{Total\ Revenue\ hours * O\&M\ cost}$$

- Chart depicts a 12-month rolling average recovery rate
- Pre-pandemic (Oct-15 to Feb-20)
  - 628,935 rides per month
  - 25.9% average recovery
- Post-pandemic (Mar-20 to now)
  - 305,188 rides per month
  - 10.8% average recovery



FY 24/25 Preliminary Budget Forecast

- Expenses - $58.7 million
  - Using $4 million from capital environment
  - 4.9% increase from last year

- Revenue - $50.4 million
  - 0.1% decrease from last year
  - State Operating Assistance
    - FY 23/24 budgeted at 29%, actual is 34%
    - FY 24/25 budgeted at 26%, actual is 32%

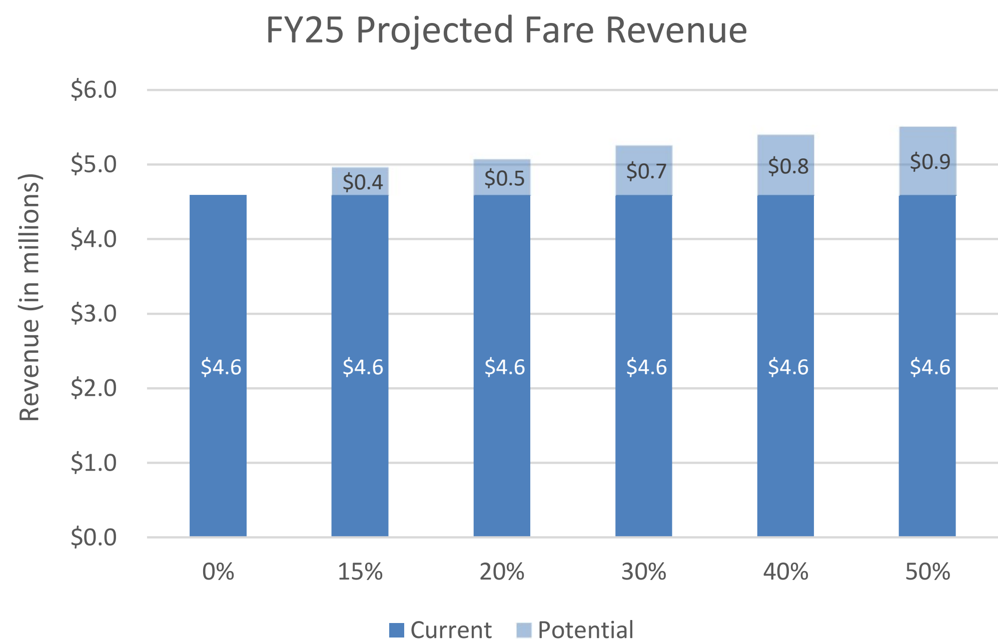
- Maintaining current conditions results in a $8.3 million shortfall

Fare Options

- Projecting $4.6 million in revenue for FY 24/25
  - Includes Linehaul, Go!Bus, and PASS
  - Based on fixed route ridership of 4.8 million

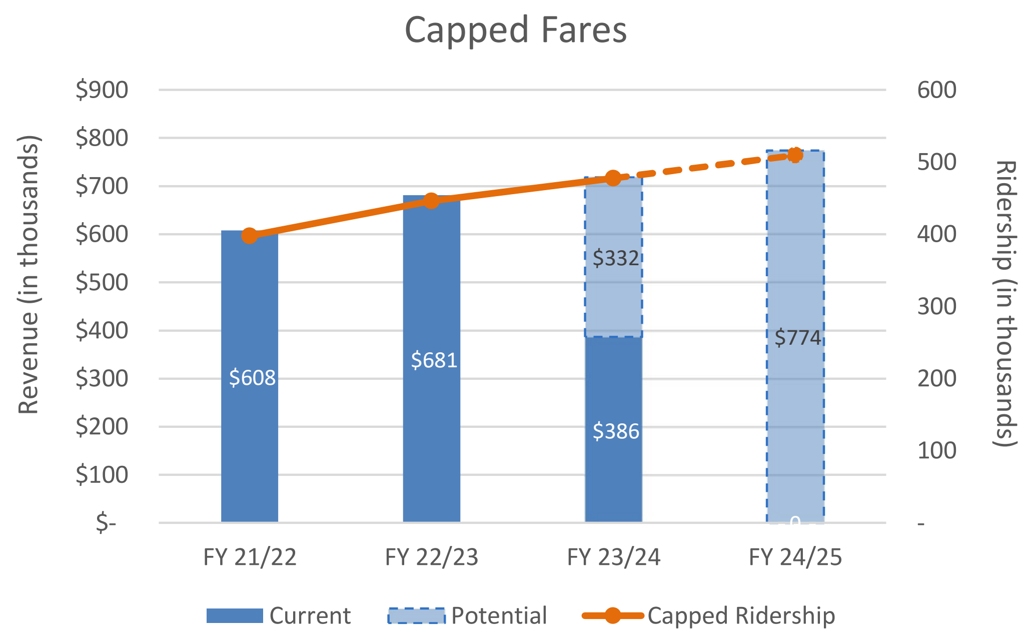
- Assumes ridership retention decreases by 4% for every 10% increase to fares

- 15% increase
  - Cash fare to $2.00
  - GO!Bus & Pass to $4.00
  - Average revenue- $0.92 per passenger
  - Additional revenue- $369K
  - Loss of 6% of ridership



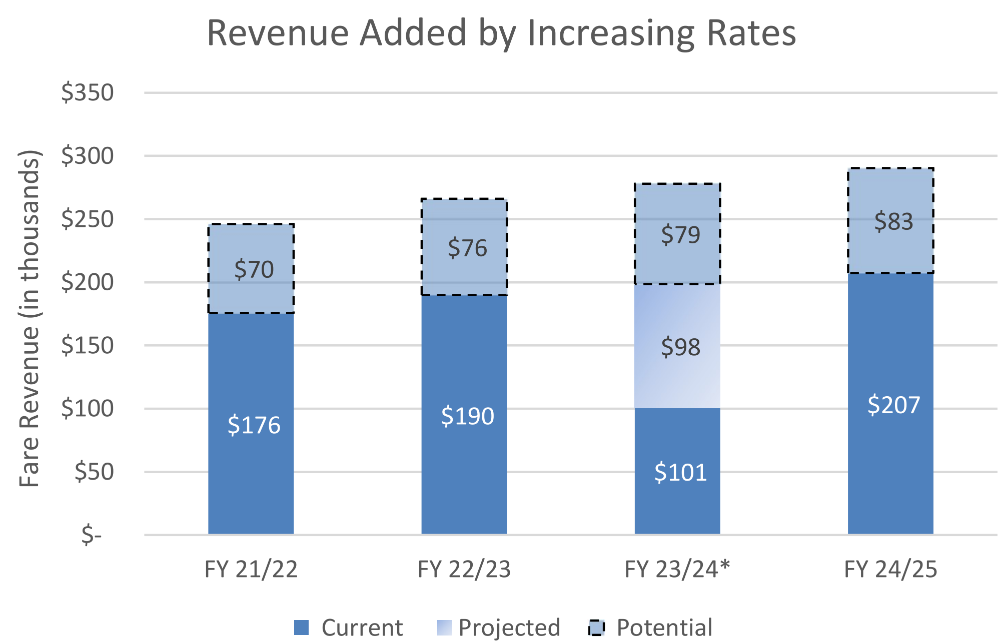
Fare Capping

- Daily max fare capping
  - Ranges from $1.70 to $3.50 depending on ride type
- Monthly max fare capping
  - Ranges from $30 to $47 depending on ride type
- Fixed Route Ridership
  - FY 21/22 – 3,832,688
  - FY 22/23 – 4,296,438
  - FY 23/24 – 4,544,892 Estimated
  - FY 24/25 – 4,772,137 Projected
- FY 24/25 assumes 10.7% of total ridership are capped fares, and an average of $1.52/ ride



Partner Fares

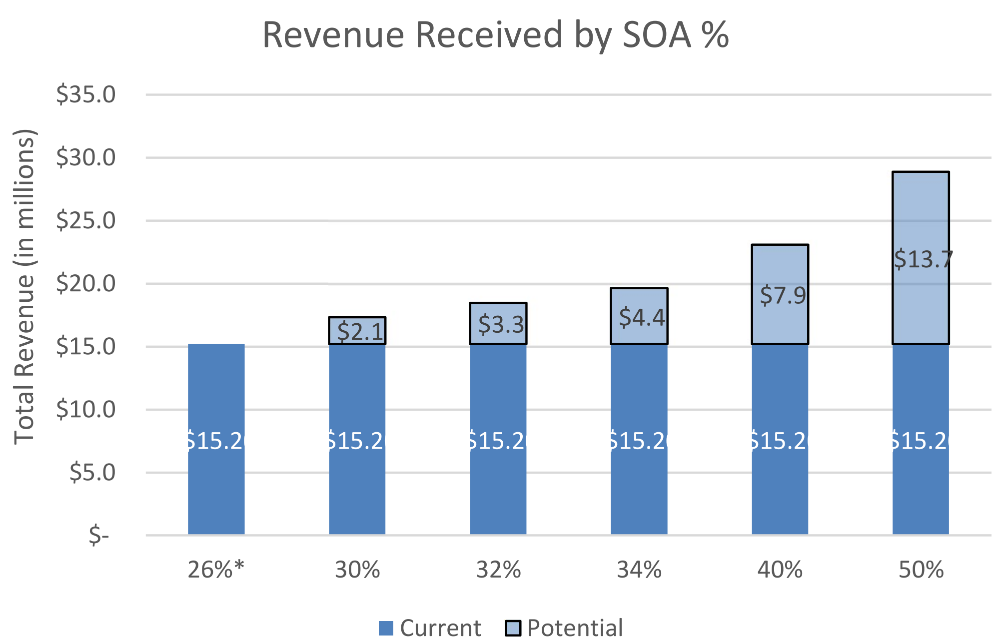
- Partner program includes educational institutions and non-profit organizations that directly serve vulnerable populations
- Partners average 5.25% of our fixed route ridership over past 3 years
- Annual revenue is 5.25% of total fare revenue collected
- Has potential to bring in additional $83K in FY 24/25



*FY 23/24 Revenue is $101K through March 2024; estimating $98K by the end of the year

State Operating Assistance (SOA)

- State operating assistance is the percent of reimbursement determined annually by the State of Michigan (Act 51)
- State operating assistance presently accounts for 30% of our revenue sources
- Currently estimating $15.2 million in FY 24/25
  - Based on rate of 26%
- Net an additional $500K in estimated revenue per one percent increase in state operating assistance



*current FY24/25 Proposed Rate

Contract Partners Cost

- Our billing rate is calculated using a reduction for State Operating Assistance (SOA)
- SOA rate is for FY 22/23
- Current projections - $7.3 million
- Removing this reduction would net up to $3 million more in revenue per year
- Linehaul billing rate increase is listed; there is a separate rate for service that includes Go!Bus

SOA Rate	Net Revenue	Potential	% Increase*
Current- 29%	$ 7,344,415	$ -	5%
25%	$ 7,780,350	$ 435,935	11%
20%	$ 8,299,033	$ 954,617	19%
15%	$ 8,817,715	$ 1,473,299	26%
10%	$ 9,336,436	$ 1,992,021	34%
5%	$ 9,855,118	$ 2,510,703	41%
0%	$ 10,373,801	$ 3,029,385	49%

*this is the percentage increase that the Linehaul Billing Rate would increase from the current billing rate of $69.22 in FY 23/24

Questions?

FARE POLICY

NICHOLAS T. MONOYIOS
FEBRUARY 2014

INTRODUCTION

PURPOSE

The purpose of the *Rapid Fare Policy* is to establish goals & objectives for evaluating existing fares and for developing any proposed fare structure based on Board approved guidelines (August 2013). It is important to establish and define the goals and objectives for the fare structure to maintain a proactive approach to any financial/service challenges and/or opportunities. The Rapid staff and the Board of Directors will rely on this policy when making decisions about adjusting fares.

EXISTING FARE STRUCTURE

The Rapid offers a number of different fare types and purchase options for fixed route service

	SINGLE RIDE	10-RIDE	1-DAY	4-DAY	31-DAY PASS
ADULT	$1.50	$11.50	$4.60	$11.50	$40.00
STUDENT	-	$9.00**	-	-	-
SENIOR/DISABLED	$0.75*	$7.50*	-	-	$26.00*

* Requires proof of disability or age 65+. Valid ID for persons with disabilities include a Rapid-issued photo ID card or Medicare card. The Rapid honors half fare for Medicare card holders. Seniors may use: Medicare card, driver's license, or other proof of age 65+. The half fare applies to single ride cash fares only.

**Students must present a valid school ID.

A change card will be issued to riders without exact change. This card can be used as fare toward future rides. Change cards will not be exchanged for cash and are valid one year from date of issue.

FARE TYPE	ON BOARD*	ONLINE	CENTRAL STATION	RETAIL OUTLETS**
SINGLE RIDE	YES	NO	NO	NO
10-RIDE	YES	YES	YES	YES
1-DAY	YES	YES	YES	YES
4-DAY	YES	YES	YES	YES
31-DAY PASS	NO	YES	YES	YES

*Cash only.
**Availability of fare type may vary by outlet.

OTHER SERVICES FARE POLICY

- Existing Go!Bus and P.A.S.S. fares are currently twice the amount of an adult cash fare.
- Senior and disabled passengers pay half the adult cash fare.
- ADA eligible passengers are able to utilize fixed route services for free.

REPLACEMENT POLICY

The Rapid will not replace farecards, transfer cards, or change cards that have been damaged due to misuse or altered in any way. Farecards are non-refundable and will not be replaced if lost, damaged or stolen.

TRANSFER POLICY

Transfers are free. Passengers must request a transfer upon boarding and will be dispensed as a magnetic fare card from the farebox. Transfers are good on any route, except the route on which the transfer was issued. They are valid for up to two hours (one hour for student 10-ride cards) from the time they are issued or a maximum of three transfers (one for student 10-ride cards), whichever comes first. Transfers are only issued to fare-paying passengers.

EVALUATION

FARE POLICY GOALS & OBJECTIVES

These Board approved guidelines shall be used as the basis for establishing the goals and objectives for the fare policy.

- ***Revenue*** - Determine a predictable and transparent fare revenue stream that ensures The Rapid's current and long-term financial requirements.
- ***Recovery*** – Recommend a minimum farebox recovery ratio of operating costs with passenger paid fares.
- ***Efficiency*** – Maximize operational efficiency by minimizing boarding times and fare collection costs with media and technologies that are faster, more reliable, and more accurate.
- ***Ridership*** – Define acceptable ridership levels by setting fares that promote ridership growth.
- ***Equity*** - Establish equitable fares that recognize Title VI protected minority & low-income riders.
- ***Accessibility*** - Enhance mobility and system access through a fare system that is easy to use and understand.

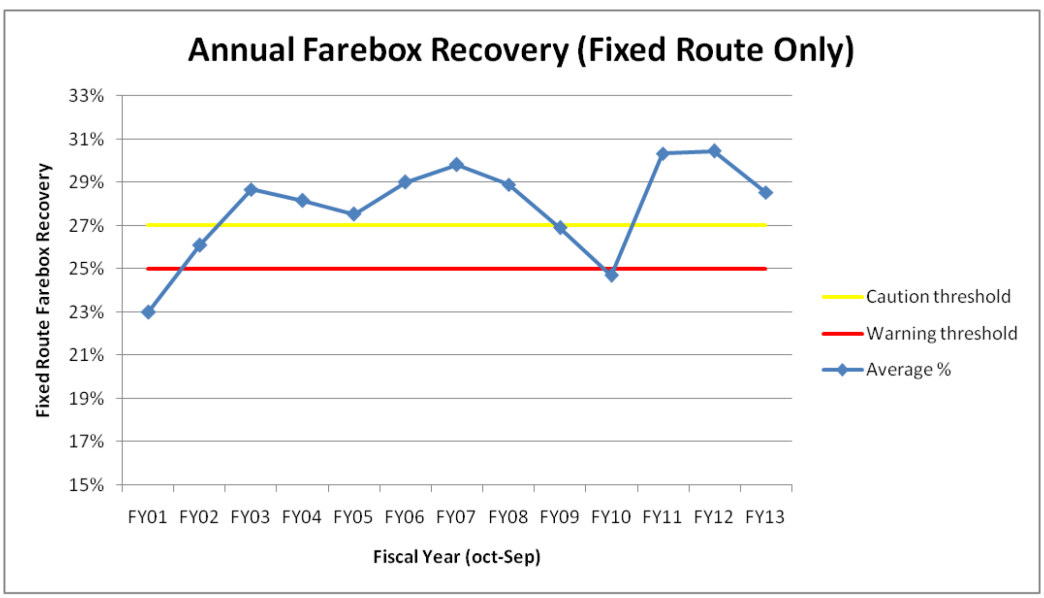
REVENUE

It is essential to set a predictable and transparent fare structure to ensure that operating expenses will be met. Securing revenue for operating services is the primary force behind fare collection. There are three (3) operating revenue sources: 1) Fare collection, 2) Property Taxes, and 3) State operating assistance. Both property tax monies levied and State operating assistance is established by property assessment and legislation, respectively. Fare revenue is the variable component of recovering operating expenses.

However, increasing fares has a negative correlation on ridership. Ridership decreases when fares are raised, and ridership increases when fares are decreased. An elasticity model will be used to determine the ridership impact of any proposed fare structure change. Staff will evaluate the existing fare structure if fixed route operating revenue does not meet recovery expenses.

RECOVERY

The Rapid monitors monthly fixed route farebox recovery and presents the figures to the Board on a monthly basis. This value is the percentage of fixed route operating expenses recovered by fare collection. Farebox recovery is influenced by increases in service levels and/or fare changes, and is used as a measure of productivity. It is recommended that this measure maintains a standard. Setting the yellow (caution) standard at 27% indicates a trigger for staff to monitor this measure. A red (warning) standard at 25% triggers staff to evaluate the fare structure to recommend appropriate action.



EFFICIENCY

The Rapid fareboxes collect cash, ride-tickets (transfers, 1-ride, 2-ride, and 10-ride), and period passes (1-day, 4-day, & 31-day passes). Fares are either inserted in the farebox or swiped, depending on the media. Cash fare or ride-tickets are inserted and take longer for the farebox to process than period passes which can quickly be swiped. The slower transaction of inserting media into the farebox (cash, transfers, ride-tickets) represented 71.08% of FY2013 ridership. The faster transaction of swiping or free fares (ADA) was 28.92% (this does not include the free GVSU contracted services). Additionally, the dispensing of transfers from the farebox takes additional time for the farebox to process which compounds the slow transactions because they are only used with either the slower cash or ride-ticket transactions.

Since the short-term tickets have a smaller lifespan, the cost to purchase the magnetic media cardstock is much higher than longer-term passes. Minimizing the demand for short-term fare media cardstock by incentivizing longer pass durations is an additional cost saving tool.

Additionally, a growing number of agencies have eliminated free or low-priced transfers in conjunction with the incentivizing the sale of 1-day passes.

This prompted staff to consider ways to modify the existing fare structure to encourage less cash/ride fares and more period passes. Consequently, providing a greater convenience at a reasonable cost with the intent to speed up boarding times, reduce dwell times in traffic at bus stops, and increase on-time performance is essential toward maintaining optimum efficiency.

RIDERSHIP

It is critical to implement a fare structure that promotes ridership growth. While fare collection is an integral part of absorbing operating costs, increases in fares correlate to ridership loss. The American Public Transportation Association (APTA) and the Transportation Cooperative Research Program (TCRP) conduct ongoing research to maintain current updates to this correlation which is referred to as an *elasticity model*. Therefore, The Rapid will conduct a comprehensive elasticity analysis which will arithmetically forecast ridership impacts on any proposed fare change.

EQUITY

Updated FTA Title VI legislation requires transit providers which operate 50 or more fixed route vehicles in peak service and are located in urbanized areas (UZA) of 200,000 or more people, or will implement the revenue operations of a New/Small Start capital project must now conduct a *service and fare equity analysis*. A *service and fare equity analysis* is an assessment conducted by a transit provider to determine whether a major service change, fare structure, either existing, increasing or decreasing, will result in a *disparate impact* and/or *disproportionate burden* on populations of low-income and/or minorities. This evaluation must occur every five (5) fiscal years and must be administered for all fare changes and for major service reductions and expansions. Maintaining compliance with FTA Title VI guidance is critical for The Rapid to obtain federal funding.

Disparate impact is defined as a policy or practice that disproportionately affects members of a protected class identified by race, color, or national origin. The disparate impact threshold defines statistically significant disparity and may be presented as a statistical percentage of impacts between minority populations and of non-minority populations.

Disproportionate burden is defined as a policy or practice that affects low-income populations more than non-low income populations.

The Rapid will comply with the Federal regulations when recommending fare structure changes to ensure that minorities and low-income populations are not adversely affected by the proposed changes.

ACCESSIBILITY

Transit ridership trends continue to demonstrate a rising demand for payment speed, payment choices, and payment security. Non-cash payments are increasing at a compounded annual rate of 5.2% since 2006[1]. The Rapid also continues to see more credit/debit purchased fares than cash on an annual basis. Allowing for more convenient locations to purchase fares with credit/debit at various locations throughout the system increases accessibility to the system.

An increasing number of agencies are implementing electronic payment technologies, and many of these agencies have selected—or are at least strongly considering—smart cards. Electronic payment technologies have facilitated a range of flexible new fare payment options, including stored value or stored rides, “rolling” time-based passes (which are activated on first use), frequency-based discounts, automated transfers and fare differentials, guaranteed last ride (or “negative balance”) policies, and guaranteed lowest fare strategies[2].

Additionally, transit authorities continue to develop and favor simplified fare structures. Even with the emerging availability of electronic payment options, most agencies continue to utilize flatfare structures (i.e., with no fare zones or peak/off-peak differentials). The Rapid currently does not utilize varied fare structures based on zone or peak/off-peak, and recognizes the value of a simplified structure to maintain accessibility.

To maximize user convenience, smart cards can combine transit and other applications onto one card. For example, The Rapid’s institutional partnerships (i.e., Spectrum Health, GVSU) can merge their employee/student identification information and transit fares to a single contactless smart card. This provides the ability track detailed, yet private, stop-level ridership data which promotes a more effective understanding for the demand of mobility patterns. This is a critical step toward supplying the most cost effective service while effectively managing modal transportation demand issues.

[1] http://www.smartcardalliance.org/pages/publications-transit-financial-2011

[2] Transportation Cooperative Research Program – Report 94 – Fare Policies, Structures and Technologies: Update - 2003

2012 PEER FARE COMPARISONS

The attached 2013 Peer Fare Comparison analysis illustrates the cost differences between fare categories. Though, the fare policy guidelines are used to evaluate The Rapid's fare structure, the peer comparison offers perspective regarding our standing when compared to other peer systems.

Since each transit authority operates in urban environments with different and unique geographic and operating characteristics, it is important to uniquely isolate these comparable variables in order to accurately compare agencies. For this peer comparison, the variables used were:

1) Urbanized area (UZA) population
2) Unlinked Passenger Trips (UPT)
3) Operating Budget
4) State of Michigan agencies.

The data for these variables were compiled from the National Transit Database (NTD).

METHODOLOGY

For each comparison category (except for the State of Michigan comparison), The Rapid was selected as the median and agencies with larger and smaller values were subsequently added. One table and two graphs were compiled. The table illustrates comparable agencies in the respective category along with the agency's reported cost per passenger. Each agency's website was visited to record their fare structures. The most common fare types were included that The Rapid offers (and propose to offer, specifically the 7-Day pass): Adult base fare, transfers, 10-Ride farecard, 1-Day pass, 7-Day pass, and a monthly/31-Day pass. An accompanying chart illustrates the data graphically and ranks the agency by smallest to largest cost per passenger value, in order to examine cost effectiveness. The third chart compares the adult base fare to the respective monthly/31-Day pass to reveal a regression equation. This equation determines what The Rapid's 31-Day pass value would be if equalizing each agency's base fare.

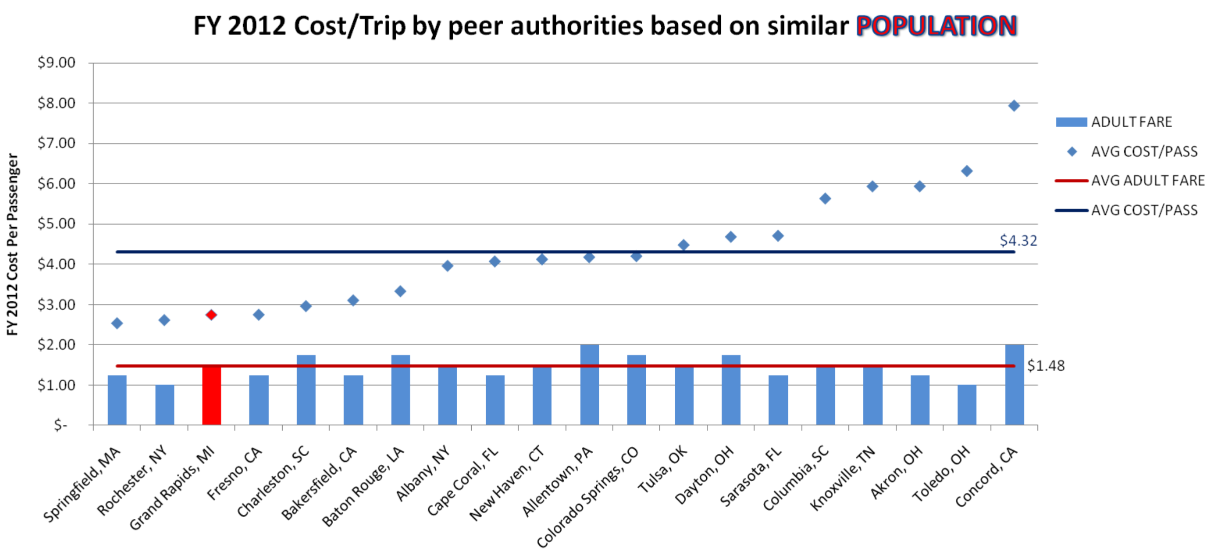
FINDINGS

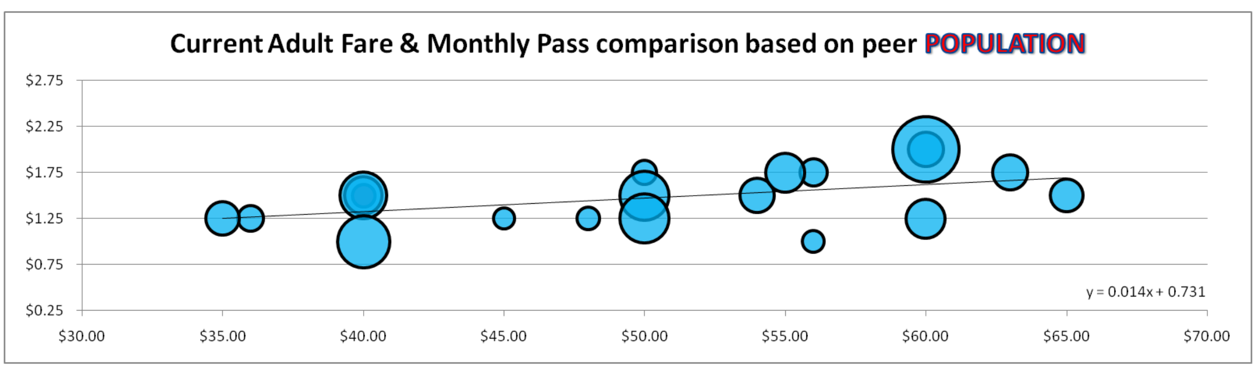
The findings demonstrate that The Rapid is very cost effective and efficient when compared to agencies in each peer group.

- Cost per passenger is well below average in each category.
- The Rapid's adult base fare is average cost
- The Rapid's 10-Ride farecard is below average cost in each category
- The Rapid's 1-Day pass has higher average cost in each category
- The average 7-Day pass (The Rapid currently does not offer) is between $14-$15, except for the operating budget peer group which was $22.10.
- The Rapid's 31-Day pass is below average cost.

UZA POPULATION PEERS

UZA POPULATION	NTD OCT 2013 DATA			DECEMBER 2013 DATA					
	POPULATION	UZA Density	AVG COST/PASS	ADULT FARE	TRANSFERS	10-RIDE	1-DAY PASS	7-DAY PASS	MONTH PASS
Toledo, OH	507,643	2,115	$ 6.32	$ 1.00	NO	-	-	$ 10.00	$ 40.00
Bakersfield, CA	523,994	3,797	$ 3.11	$ 1.25	NO	-	$ 3.00	-	$ 36.00
Cape Coral, FL	530,290	1,607	$ 4.08	$ 1.25	NO	-	$ 3.50	$ 12.50	$ 35.00
Charleston, SC	548,404	1,872	$ 2.97	$ 1.75	$ 0.30	$ 14.00	$ 6.00	-	$ 50.00
Columbia, SC	549,777	1,447	$ 5.64	$ 1.50	$ 0.25	$ 12.00	$ 3.50	-	$ 40.00
Knoxville, TN	558,696	1,276	$ 5.94	$ 1.50	NO	-	$ 4.00	$ 15.00	$ 50.00
Colorado Springs, CO	559,409	2,976	$ 4.21	$ 1.75	FREE	-		-	$ 63.00
New Haven, CT	562,839	1,839	$ 4.13	$ 1.50	FREE	$ 10.80	$ 3.00	$ 16.50	$ 54.00
Akron, OH	569,499	1,752	$ 5.94	$ 1.25	NO	-	$ 2.50	$ 15.00	$ 50.00
Grand Rapids, MI	569,935	2,028	$ 2.75	$ 1.50	FREE	$ 11.50	$ 4.60	-	$ 40.00
Baton Rouge, LA	594,309	1,619	$ 3.34	$ 1.75	$ 0.25	-	$ 4.00	$ 19.00	$ 56.00
Albany, NY	594,962	2,010	$ 3.97	$ 1.50	NO	-	$ 4.00	-	$ 65.00
Concord, CA	615,968	3,019	$ 7.94	$ 2.00	NO	-	-	-	$ 60.00
Springfield, MA	621,300	1,780	$ 2.54	$ 1.25	$ 0.25	-	$ 3.00	$ 12.50	$ 45.00
Sarasota, FL	643,260	1,967	$ 4.71	$ 1.25	NO	-	$ 4.00	$ 20.00	$ 60.00
Fresno, CA	654,628	3,828	$ 2.75	$ 1.25	FREE	-	-	-	$ 48.00
Tulsa, OK	655,479	1,951	$ 4.49	$ 1.50	NO	$ 12.00	$ 3.25	$ 12.00	$ 40.00
Allentown, PA	664,651	1,921	$ 4.18	$ 2.00	$ 0.25	$ 16.00	$ 4.00	-	$ 60.00
Rochester, NY	720,572	2,224	$ 2.62	$ 1.00	NO	-	$ 3.00	-	$ 56.00
Dayton, OH	724,091	2,063	$ 4.69	$ 1.75	$ 0.25	-	$ 5.00	$ 19.00	$ 55.00
AVERAGE	**598,485**	**2,155**	**$ 4.32**	**$ 1.48**		**$ 12.72**	**$ 3.77**	**$ 15.15**	**$ 50.15**



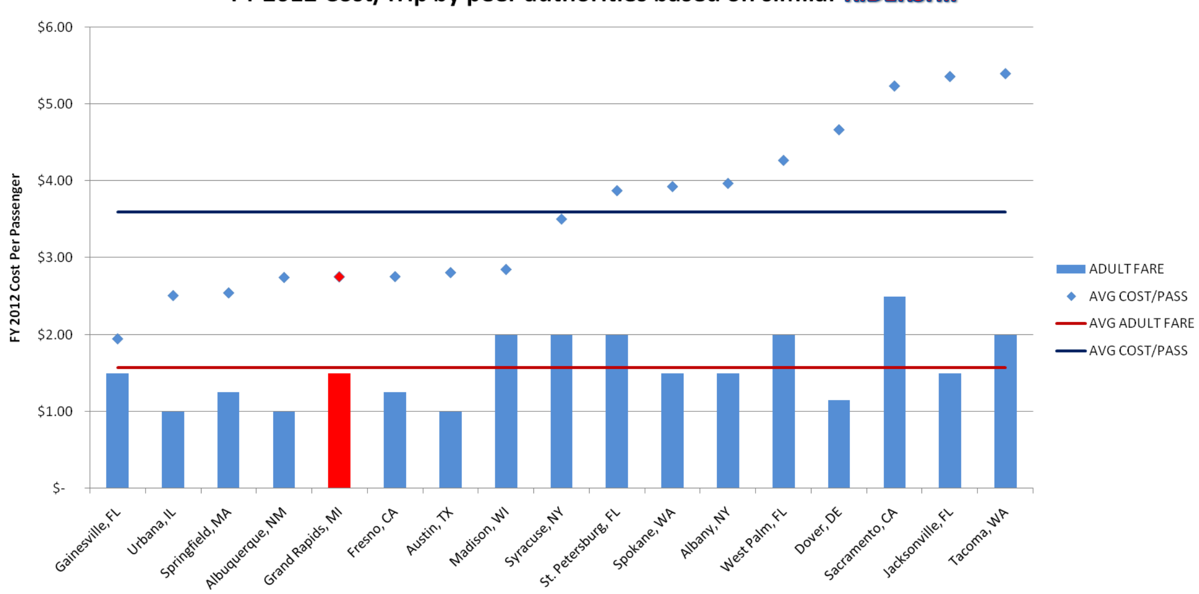


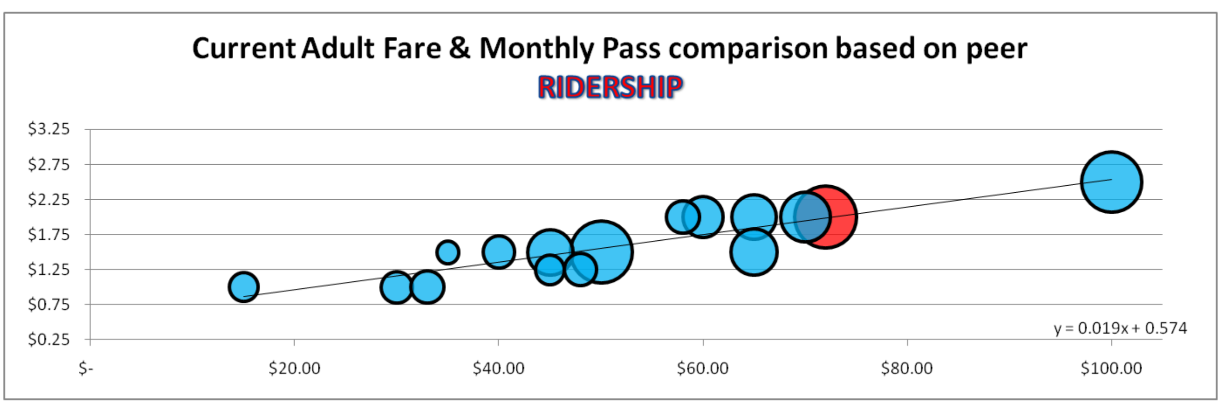
To equalize our base fare to the monthly pass fare on this peer group, our monthly pass would be $54.93.

RIDERSHIP

RIDERSHIP	NTD 2012 DATA		DECEMBER 2013 DATA					
	UPT	AVG COST/PASS	ADULT FARE	TRANSFERS	10-RIDE	DAY PASS	7-DAY PASS	MONTH PASS
Syracuse, NY	10,226,862	$ 3.50	$ 2.00	FREE	$ 15.00	-	$ 15.00	$ 60.00
Dover, DE	10,291,956	$ 4.67	$ 1.15	NO	-	$ 2.40	-	
Tacoma, WA	10,580,268	$ 5.40	$ 2.00	FREE	-	-	-	$ 72.00
Gainesville, FL	10,652,169	$ 1.94	$ 1.50	NO	-	$ 3.00	-	$ 35.00
Jacksonville, FL	10,906,226	$ 5.36	$ 1.50	NO	-	$ 4.00	$ 16.00	$ 50.00
Urbana, IL	10,981,718	$ 2.51	$ 1.00	FREE	-	$ 2.00	-	$ 15.00
Spokane, WA	11,031,338	$ 3.92	$ 1.50	FREE	-	$ 3.50	-	$ 45.00
Springfield, MA	11,171,748	$ 2.54	$ 1.25	$ 0.25	-	$ 3.00	$ 12.50	$ 45.00
Grand Rapids, MI	11,473,737	$ 2.75	$ 1.50	FREE	$ 11.50	$ 4.60	-	$ 40.00
West Palm, FL	11,579,046	$ 4.27	$ 2.00	NO	-	$ 5.00	-	$ 70.00
Albuquerque, NM	12,821,051	$ 2.74	$ 1.00	NO	-	$ 2.00	-	$ 30.00
St. Petersburg, FL	13,028,104	$ 3.87	$ 2.00	NO		$ 4.50	$ 20.00	$ 65.00
Sacramento, CA	13,145,864	$ 5.23	$ 2.50	NO	$ 25.00	$ 6.00	-	$ 100.00
Fresno, CA	14,304,222	$ 2.75	$ 1.25	FREE	-	-	-	$ 48.00
Albany, NY	14,441,966	$ 3.97	$ 1.50	NO	-	$ 4.00	-	$ 65.00
Austin, TX	14,537,552	$ 2.80	$ 1.00	NO	-	$ 2.00	$ 9.00	$ 33.00
Madison, WI	14,592,214	$ 2.85	$ 2.00	FREE	$ 15.00	$ 4.50	-	$ 58.00
AVERAGE	**12,103,885**	**$ 3.59**	**$ 1.57**		**$ 16.63**	**$ 3.61**	**$ 14.50**	**$ 51.94**

FY 2012 Cost/Trip by peer authorities based on similar RIDERSHIP



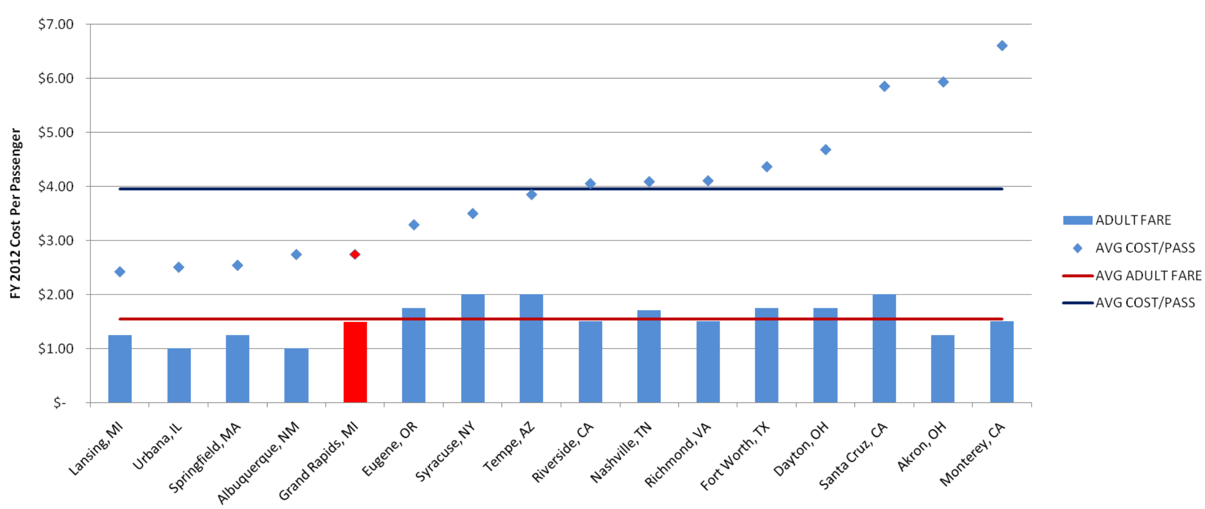


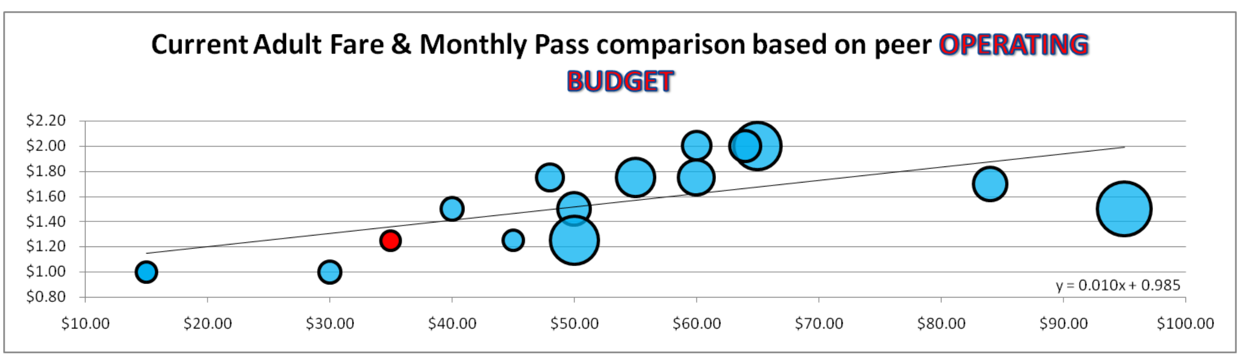
To equalize our base fare to the monthly pass fare on this peer group, our monthly pass would be $48.74.

OPERATING BUDGET

OPERATING BUDGET	NTD 2012 DATA		DECEMBER 2013 DATA					
	OPERATING BUD	AVG COST/PASS	ADULT FARE	TRANSFERS	10-RIDE	DAY PASS	7-DAY PASS	MONTH PASS
Monterey, CA	$ 25,372,829	$ 6.62	$ 1.50	NO	-	$ 10.00	$ 50.00	$ 95.00
Riverside, CA	$ 26,815,827	$ 4.06	$ 1.50	NO	-	$ 4.00	$ 16.00	$ 50.00
Lansing, MI	$ 27,486,519	$ 2.42	$ 1.25	FREE	$ 10.00	-	-	$ 35.00
Urbana, IL	$ 27,513,170	$ 2.51	$ 1.00	FREE	-	$ 2.00	-	$ 15.00
Springfield, MA	$ 28,382,700	$ 2.54	$ 1.25	$ 0.25	-	$ 3.00	$ 12.50	$ 45.00
Eugene, OR	$ 29,010,513	$ 3.29	$ 1.75	NO	$ 16.00	$ 3.50	-	$ 48.00
Santa Cruz, CA	$ 29,495,633	$ 5.86	$ 2.00	NO		$ 6.00	$ 32.00	$ 65.00
Akron, OH	$ 30,545,805	$ 5.94	$ 1.25	NO	-	$ 2.50	$ 15.00	$ 50.00
Grand Rapids, MI	$ 31,527,187	$ 2.75	$ 1.50	FREE	$ 11.50	$ 4.60	-	$ 40.00
Fort Worth, TX	$ 32,155,415	$ 4.37	$ 1.75	FREE	-	$ 3.50	$ 17.50	$ 60.00
Tempe, AZ	$ 34,394,375	$ 3.85	$ 2.00	NO	-	$ 4.00	$ 20.00	$ 64.00
Dayton, OH	$ 34,490,747	$ 4.69	$ 1.75	$ 0.25	-	$ 5.00	$ 19.00	$ 55.00
Albuquerque, NM	$ 35,147,741	$ 2.74	$ 1.00	NO	-	$ 2.00	-	$ 30.00
Syracuse, NY	$ 35,806,603	$ 3.50	$ 2.00	FREE	$ 15.00	-	$ 15.00	$ 60.00
Nashville, TN	$ 37,951,254	$ 4.09	$ 1.70	NO	-	$ 5.25	$ 24.00	$ 84.00
Richmond, VA	$ 38,436,162	$ 4.11	$ 1.50	$ 0.25	-	-	-	
AVERAGE	$ 31,533,280	**$ 3.96**	**$1.54**		**$14.17**	**$4.26**	**$22.10**	**$53.07**

FY 2012 Cost/Trip by peer authorities based on similar OPERATING BUDGET

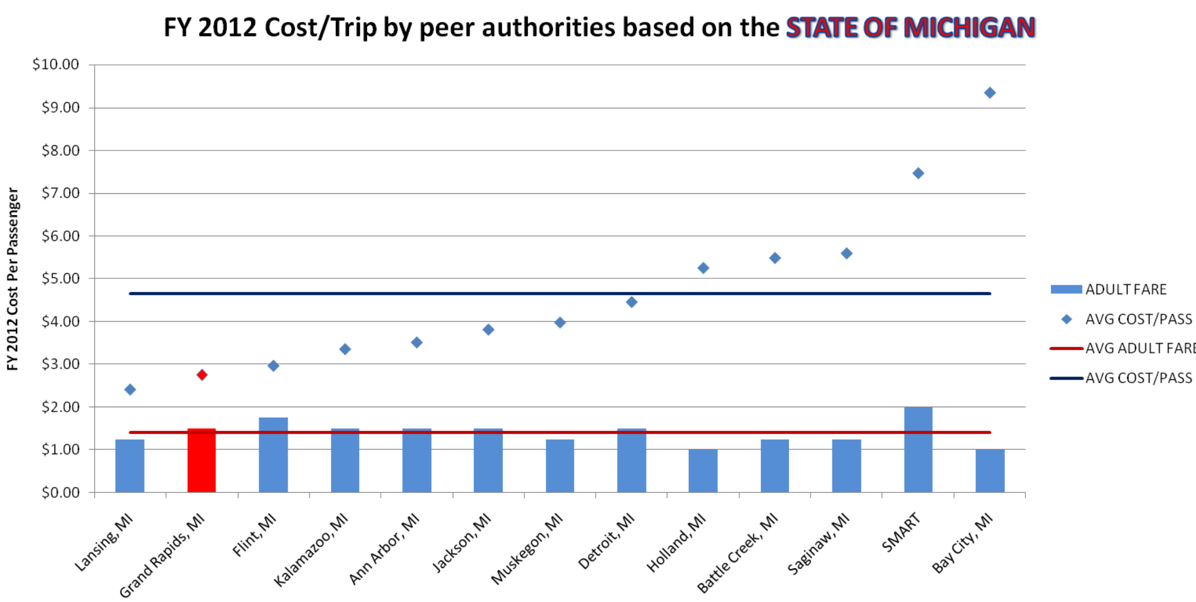


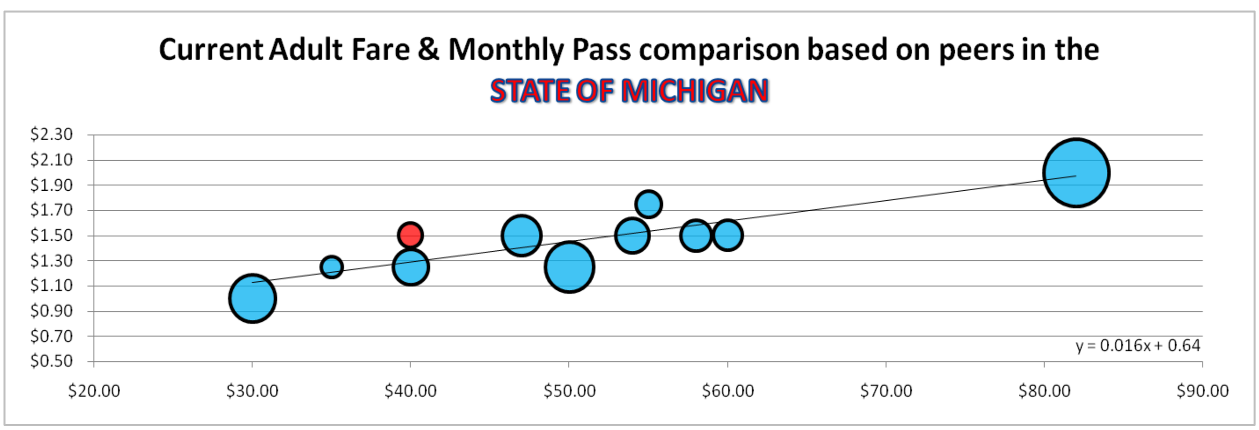


To equalize our base fare to the monthly pass fare on this peer group, our monthly pass would be $51.50.

STATE OF MICHIGAN

STATE OF MICHIGAN	NTD 2012 DATA	DECEMBER 2013 DATA					
	AVG COST/PASS	ADULT FARE	TRANSFERS	10-RIDE	DAY PASS	7-DAY PASS	MONTH PASS
Lansing, MI	$ 2.42	$ 1.25	FREE	$ 10.00	-	-	$ 35.00
Grand Rapids, MI	$ 2.75	$ 1.50	FREE	$ 11.50	$ 4.60	-	$ 40.00
Flint, MI	$ 2.98	$ 1.75	$ 0.10	-	-	-	$ 55.00
Kalamazoo, MI	$ 3.36	$ 1.50	FREE	-	-	-	$ 60.00
Ann Arbor, MI	$ 3.52	$ 1.50	FREE	-	$ 4.50	-	$ 58.00
Jackson, MI	$ 3.82	$ 1.50	NO	-	-	-	$ 54.00
Muskegon, MI	$ 3.99	$ 1.25	NO	$ 12.50	-	-	$ 40.00
Detroit, MI	$ 4.46	$ 1.50	$ 0.25	-	-	$ 14.40	$ 47.00
Holland, MI	$ 5.26	$ 1.00	NO	-	$ 2.00	-	$ 30.00
Battle Creek, MI	$ 5.49	$ 1.25	FREE	-	-	-	
Saginaw, MI	$ 5.60	$ 1.25	FREE	-	-	-	$ 50.00
SMART	$ 7.47	$ 2.00	$ 0.25	-	-	-	$ 82.00
Bay City, MI	$ 9.35	$ 1.00	NO	-	-	-	
AVERAGE	**$ 4.65**	**$ 1.40**		**$ 11.33**	**$ 3.70**	**$ 14.40**	**$ 50.09**





To equalize our base fare to the monthly pass fare on this peer group, our monthly pass would be $53.75.