



City of Alexandria Low-Income Fare Pass Assessment

STUDY OVERVIEW AND FINDINGS



About the Study

- Initiated by The City of Alexandria with funding from the Metropolitan Washington Council of Governments.
- Conducted between November 2020 and March 2021.
- Primary purpose: Understand options, and their impacts, for making public transit more affordable for low-income City residents.
- Study elements:
 - Literature and case example reviews.
 - Interviews with the City and regional partners.
 - Projections of ridership and costs for each three program scenarios.
 - Development of program administration, evaluation, and marketing recommendations.

Study Goals

- ✓ Make transit more accessible for City residents who struggle to afford the cost of fares.
- ✓ Enhance equity and access to opportunities in the City.
- ✓ Maintain or enhance operational performance of the DASH system while maintaining or increasing bus operator safety.
- ✓ Minimize the administrative burden of implementing and sustaining a fare program.
- ✓ Advance regional coordination to increase the affordability of public transportation for low-income residents throughout the region.

Key Literature and Case Study Review Findings

- Existing fare discount programs around the U.S. **most commonly provide a 50 percent discount** and serve riders earning between 125 and 200 percent of the federal poverty level.
- **Tying program eligibility to other low-income benefit programs** simplifies the administrative process.
- **Community-based** organizations can effectively assist in marketing discount fare programs.
- Some fare **programs targeting low-income riders had relatively low adoption rates**, so there is value in effective marketing and in keeping barriers to participation as low as possible.
- A sample of **ridership increases** from agencies that **eliminated fares** ranged from 25 to 205 percent, with **most agencies experiencing increases of between 25 and 60 percent**.

Scenarios Evaluated in the Study

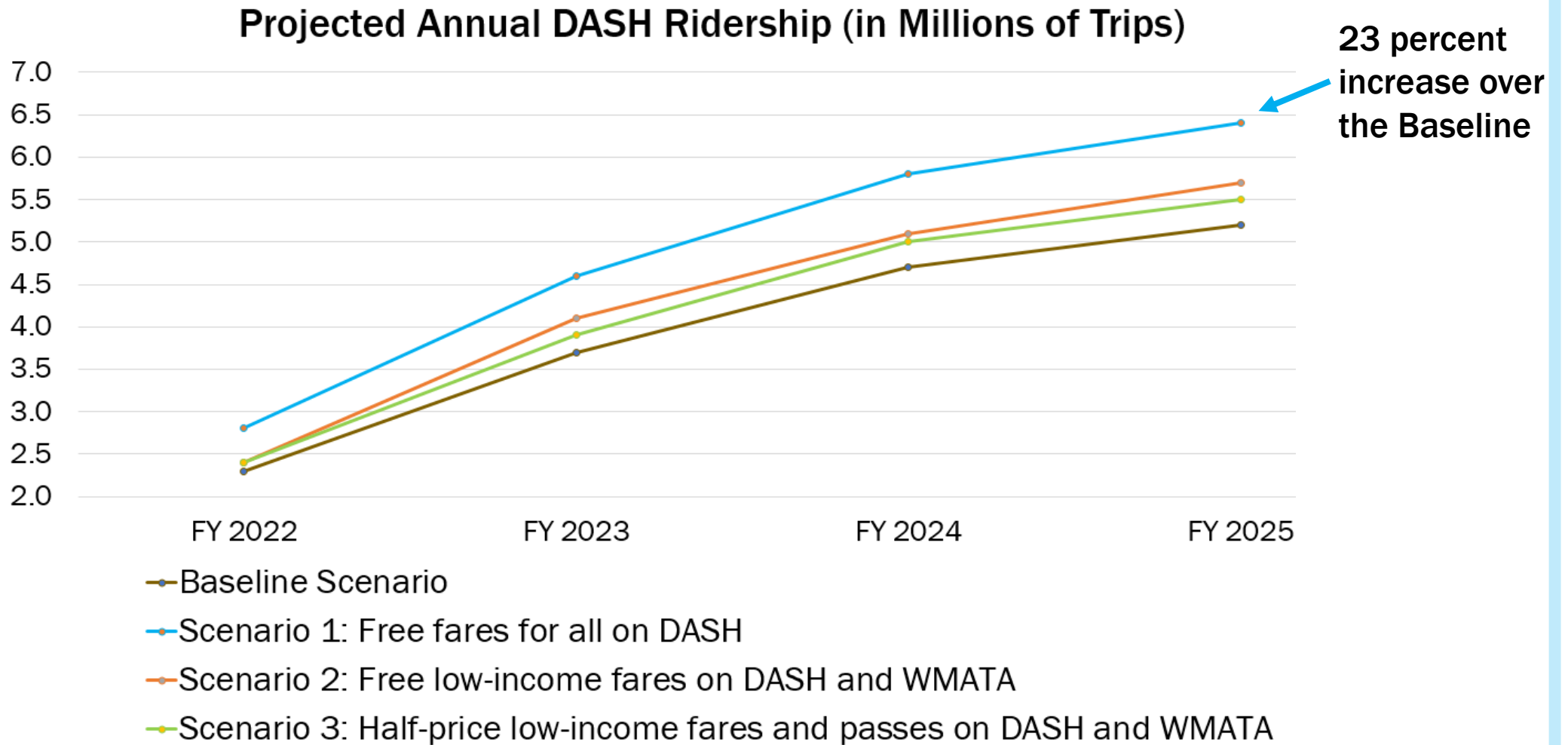
- **Scenario 1:**
Free fares for all riders on DASH services.
- **Scenario 2:**
Free fares for low-income residents* on DASH and WMATA services (Metrobus and Metrorail).
- **Scenario 3:**
Half-price fares and passes for low-income residents* on DASH and WMATA services.

**"Low-income residents" are assumed to be all Supplemental Nutrition Assistance Program (SNAP) participants in the City (approx. 8,500 people). The City has approximately 18,100 residents who qualify for SNAP benefits based on income, and 33,200 residents with incomes at or below 200 percent of the poverty level.*

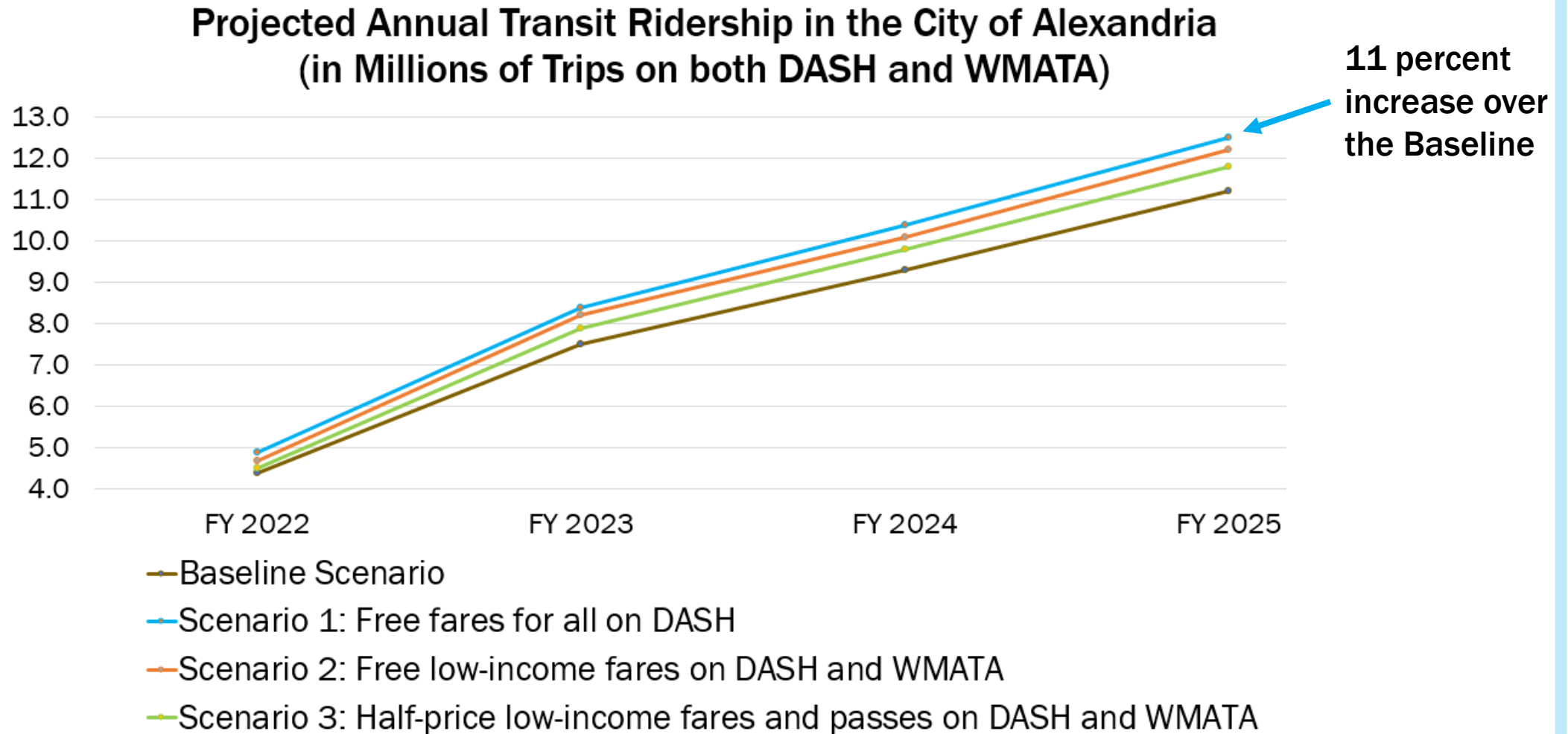
Ridership Projections

- Ridership was projected for a “Baseline” scenario and for each fare program scenario for FY 2022 to FY 2025.
- All the scenarios, including the Baseline, take into account:
 - Anticipated ridership reductions (and recovery) due to the pandemic.
 - Planned changes in DASH service levels resulting from Alexandria Transit Vision (ATV) implementation.
 - Starting in FY 2023, WMATA’s anticipated rail-to-bus transfer discount.
- Anticipated ridership impacts of the fare scenarios vary based on:
 - The eligible population (all riders or low-income residents).
 - The services the fare program would cover (DASH or both DASH and WMATA).
 - The magnitude of fare reduction and resulting cost savings (free or half-price).
- The ridership projections also account for riders’ likely switches between DASH, Metrobus, and Metrorail services depending on the services’ relative prices and interchangeability.

DASH Ridership Projections



Ridership Projections for DASH and WMATA Services in the City of Alexandria



Cost Projections

- The cost projections also include comparisons to a Baseline Scenario.
- Costs accounted for in the projections include:
 - Foregone fare revenue (i.e., fare revenues that would normally be collected with full fares).
 - Payments from the City to WMATA (under Scenarios 2 and 3).
 - Capital and operating costs of collecting fares, including fare media for participants.
 - Administration and marketing costs (with most administration done by current staff).
- In reality, costs for Scenarios 2 and 3 could vary significantly depending on program participation rates.
- An analysis indicated that even the highest ridership increase (experienced under Scenario 1) is unlikely to necessitate more service than is planned.

Cost Projections

Scenario	FY 2022	FY 2023	FY 2024	FY 2025
Baseline				
Total (Cost of Collecting Fares)	\$0.4 million	\$0.5 million	\$0.5 million	\$0.5 million
Scenario 1: Free fares for all DASH riders				
Total Costs (Including Foregone Fare Revenue and Marketing)	\$2.6 million	\$3.9 million	\$5.0 million	\$5.5 million
Scenario 1: Net Increase over Baseline	\$2.2 million	\$3.5 million	\$4.5 million	\$5.0 million
Scenario 2: Free fares for low-income residents on DASH and WMATA services				
DASH Foregone Fare Revenue	\$0.7 million	\$1.2 million	\$1,477,000	\$1,641,000
Payments to WMATA*	\$1.3 – \$2.7 million	\$2.0 – \$4.4 million	\$2.0 – \$4.4 million	\$2.0 – \$4.4 million
Total Costs (Including Marketing + Cost of Collecting Fares)	\$4.0 million	\$6.1 million	\$6.4 million	\$6.6 million
Scenario 2: Net Increase over Baseline*	\$2.4 – \$3.5 million	\$3.8 – \$5.6 million	\$4.1 – \$5.9 million	\$4.3 – \$6.1 million
Scenario 3: Half-price fares and passes for low-income residents on DASH and WMATA services				
DASH Foregone Fare Revenue	\$0.3 million	\$0.5 million	\$0.6 million	\$0.7 million
Payments to WMATA*	\$0.4 – \$1.0 million	\$0.7 – \$1.5 million	\$0.7 – \$1.5 million	\$0.7 – \$1.5 million
Total Costs (Including Marketing + Cost of Collecting Fares)	\$1.8 million	\$2.5 million	\$2.7 million	\$2.7 million
Scenario 3: Net Increase over Baseline*	\$0.9 – \$1.3 million	\$1.4 – \$2.1 million	\$1.5 – \$2.2 million	\$1.6 – \$2.2 million

*Range shown represents cost for between 5,000 and 8,450 program participants.

Scenario 1 (Free Fares on DASH): Key Take-aways

Advantages	Disadvantages
<ul style="list-style-type: none">■ Easiest for the City to implement.■ Benefits the largest number of residents, including many just above typical low-income thresholds.■ Easiest program to access for participants.■ Better service performance and lower travel times.■ Lowest cost relative to number of residents served.■ Greatest increase in ridership (11% in FY 2025) and associated environmental benefits.■ Highest savings due to not collecting fares (\$450,000 in FY 2022).■ Could reduce expenses owed to WMATA by the City.	<ul style="list-style-type: none">■ Relatively high net cost (\$5.0 million in FY 2025).■ Does not enhance affordability of WMATA services.■ May reduce ridership revenue to WMATA, as riders may switch from a paid service to a free service.■ Offers less support for an integrated regional transit network, as envisioned in recent regional plans.■ Loss of employer-subsidized fare revenues through SmartBenefits

Scenario 2 (Free Low Income Fares): Key Take-aways

Advantages	Disadvantages
<ul style="list-style-type: none">■ Highest level of benefit for participants, with free access to both DASH and WMATA services.■ Consistency between regional providers allows for a more integrated regional bus network.	<ul style="list-style-type: none">■ Highest net cost if participation level is high (up to \$6.1 million in FY 2025).■ Fewer program beneficiaries compared to Scenario 1.■ Greater administrative burden for the City and participants.

Scenario 3 (Half-Price Low Income Fares): Key Take-aways

Advantages	Disadvantages
<ul style="list-style-type: none">■ Provides more affordable access to both DASH and WMATA services.■ Lowest net cost (up to \$2.2 million in FY 2025).■ Consistency between regional providers allows for a more integrated regional bus network.	<ul style="list-style-type: none">■ Lower level of benefit to participants.■ Fewer program beneficiaries compared to Scenario 1.■ Greater administrative burden for the City and participants.■ Lowest increase in ridership (5% in FY 2025) and associated environmental benefits.

Summary of Findings

- Any of the three scenarios would have a significant and positive impact for the lowest income riders in the City.
- Scenario 1, free fares for all on DASH, best achieves the stated goals for this study at moderate cost:
 - **Benefits the largest number of riders**, including over 33,000 City residents with incomes below 200 percent of the poverty level, and many others who are just above that threshold.
 - **Easiest to implement and manage from an administrative perspective.**
 - Results in the **highest transit ridership increase.**
 - **Improves service performance** by speeding up the boarding process.

Other Findings

- Implementing the program as a pilot would enable collection of data to inform future decision-making and, for Scenarios 2 and 3, a reimbursement agreement between the City and WMATA.
- Fare capping would be beneficial under Scenario 3 (Discounted DASH + WMATA fares) to prevent low-income riders from paying more because they cannot afford the upfront cost of a discounted flat-rate pass.
- Implementing Scenario 1 (free fares for all riders on DASH) would not preclude the City from participating in a regional low-income fare product or program covering WMATA services.
- As noted by the DASH Board of Directors, the implementation of free or reduced fare policies should ultimately be weighed against potential service expansions through a comprehensive public engagement process.



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