

Memorandum



CITY OF DALLAS

DATE February 23, 2018

TO Honorable Members of the Mobility Solutions, Infrastructure and Sustainability Committee

SUBJECT **Consideration of Ridership Fee for Streetcar**

On Monday, February 26, 2018, you will be briefed on DART's analysis of a possible ridership fee for the Dallas Streetcar and staff's resulting recommendations. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry
Assistant City Manager

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billieae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Consideration of Ridership Fee for Streetcar

Mobility Solutions,
Infrastructure &
Sustainability Committee

February 26, 2018

Michael Rogers, PWLF
Director
Department of Transportation



Overview

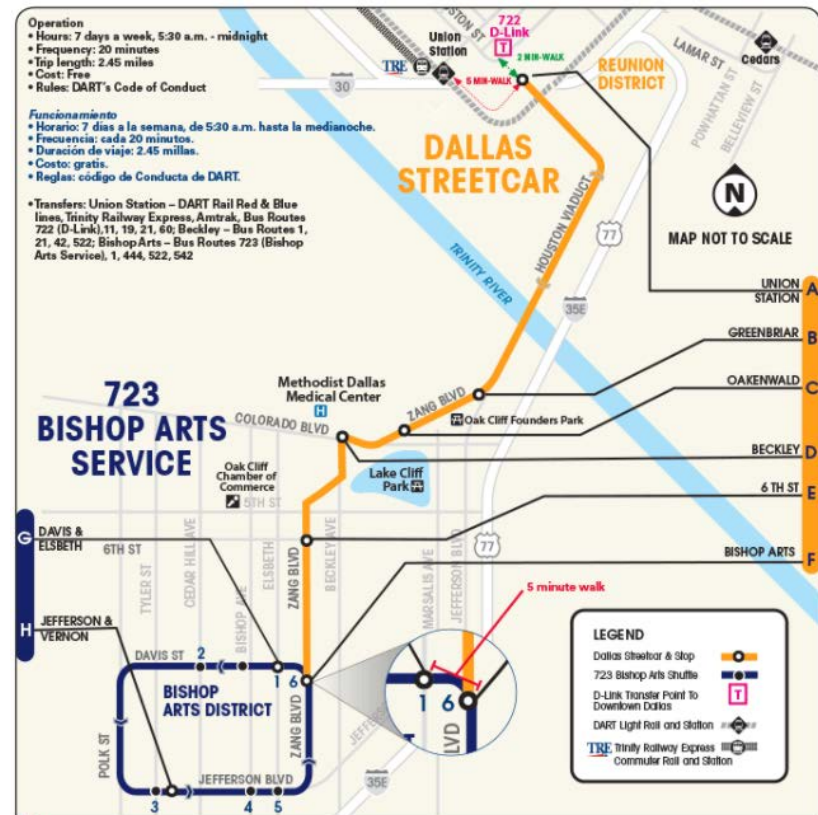
- History of Dallas Streetcar
- Operations and Maintenance Cost
- Streetcar Ridership Trends
- DART: Analysis of Fare Revenue Implementation for City of Dallas Streetcar

History of Dallas Streetcar

- 2010: City and North Central Texas Council of Governments (NCTCOG) received a \$26M TIGER grant with a 25-year operations commitment
- 2012: City, DART and NCTCOG entered an Interlocal Agreement (ILA) for constructing the Streetcar Starter Phase from Union Station to Methodist Hospital
- 2015: City and DART entered an ILA for Operations and Maintenance (O&M)

History of Dallas Streetcar (cont.)

- April 2015: Began service to Methodist Hospital
- August 2016: Began service to Bishop Arts
- Currently Dallas Streetcar is a free service
- Operation:
 - 2.4 miles
 - 5:30 a.m.-midnight
 - 20-minute headways
 - Four vehicles



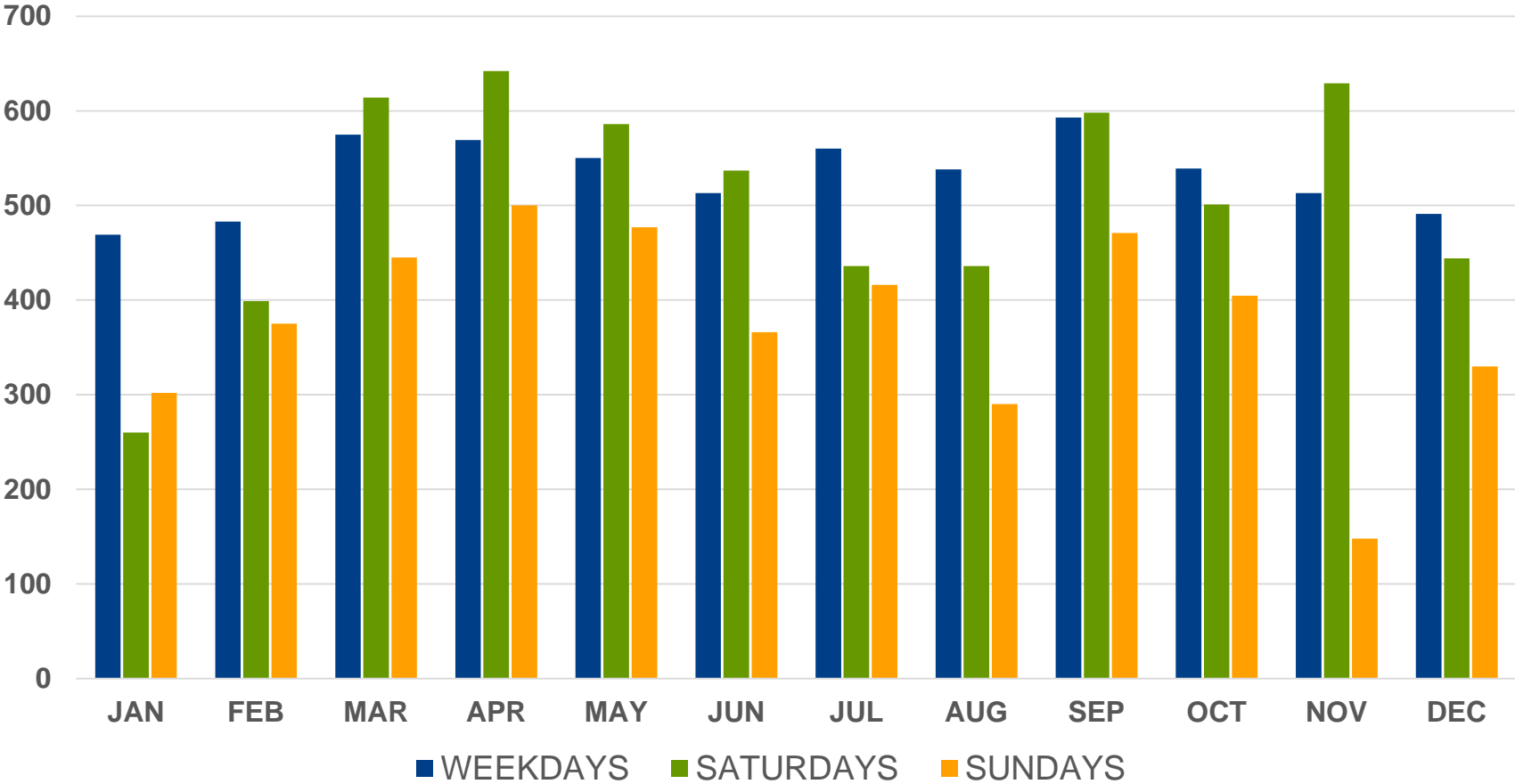
Operations & Maintenance Funding

Fiscal Year	O&M Cost	DART Contribution	NCTCOG Developer Contribution	w/o FARE	INCLUDING \$1 FARE	
				City General Fund	Potential Fare Revenue	City General Fund
2016	\$1,400,000	\$ 546,526		\$ 853,474		
2017	\$1,500,000	\$ 562,911		\$ 937,089		
2018	\$2,089,000	\$ -	\$ 1,200,000	\$ 889,000		
2019	\$2,151,670	\$ 1,177,012	\$ 300,000	\$ 674,658	\$132,000	\$ 542,658
2020	\$2,216,220	\$ 615,119	\$ 300,000	\$1,301,101	\$132,000	\$1,169,101
2021	\$2,282,707	\$ 633,573	\$ 300,000	\$1,349,134	\$132,000	\$1,217,134
2022	\$2,351,188	\$ 652,580	\$ 300,000	\$1,398,608	\$132,000	\$1,266,608
2023	\$2,421,724	\$ 672,157	\$ 300,000	\$1,449,566	\$132,000	\$1,317,566
2024	\$2,494,375	\$ 692,322	\$ 300,000	\$1,502,053	\$132,000	\$1,370,053
2025	\$2,569,207	\$ 713,092		\$1,856,115	\$132,000	\$1,724,115

- FY 2018: O&M costs increased due to increased hours of service and reduced headways
- FY 2018: DART's contribution of \$579,809 will carry over into FY 2019 and "double up"
- FY 2024: NCTCOG's contribution is completed in the 10th year
- Assumes O&M costs increase by 3% each year

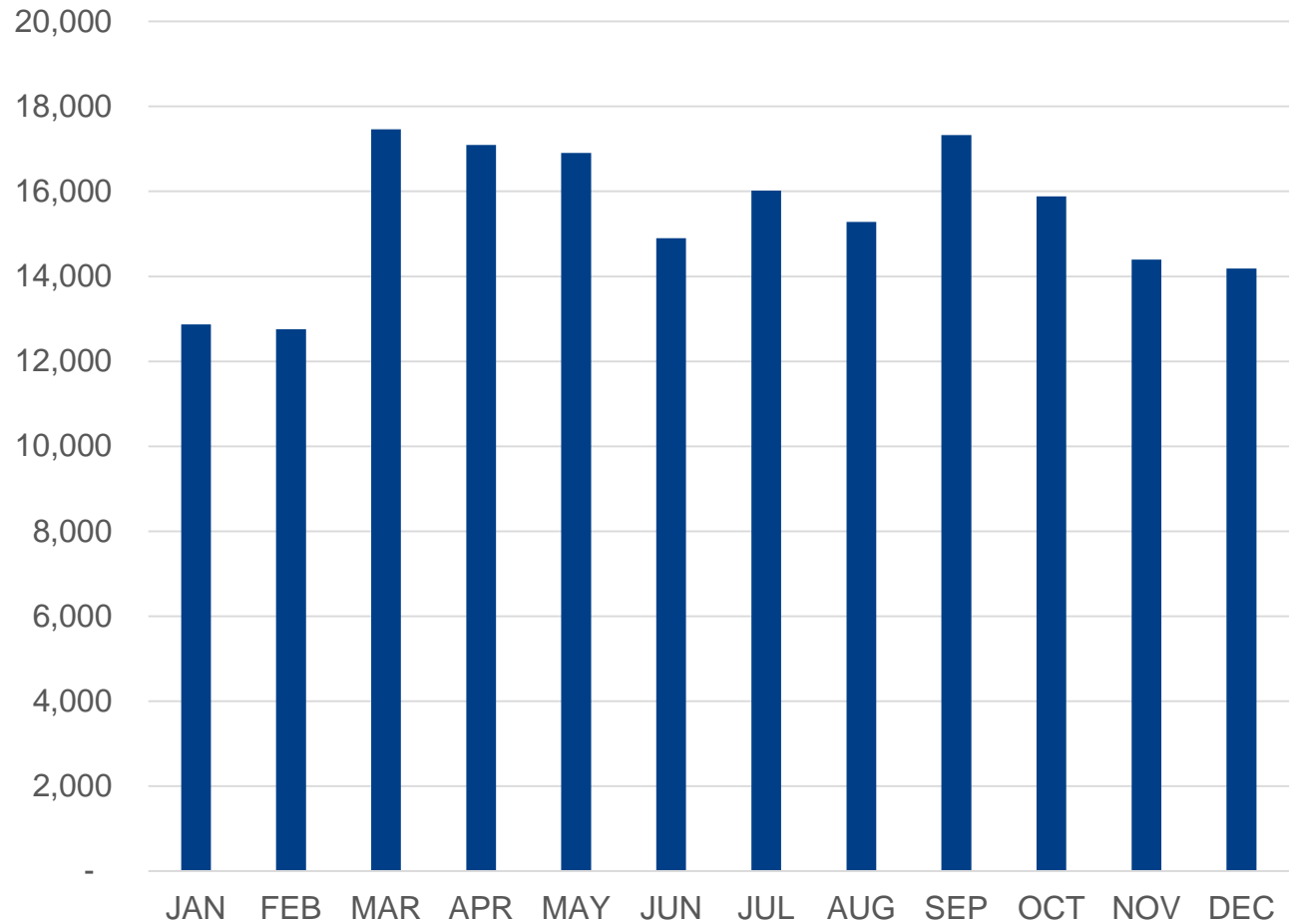


Streetcar Ridership Trends – Daily



Streetcar Ridership Trends – Monthly/Annually

150,000
to
180,000
trips per
year





Analysis of Fare Revenue Implementation for City of Dallas Streetcar

February 26, 2018

Joseph G. Costello
Senior Vice President, Finance



A background image of a city street with a streetcar. The streetcar is yellow and white, with 'eye opener webcare' and 'cliff's' visible on its side. A sign on a building in the background says '#HungerActionMonth'. The text 'Dallas Streetcar Fare Revenues' is overlaid in a blue-bordered box.

Dallas Streetcar Fare Revenues

Streetcar Fare Revenue Assumptions

- Fares for Streetcar service would be collected using the new DART payment system featuring contactless payment cards sold at retail locations throughout the Dallas area and “validators” on the Streetcar that would read these cards. Some level of fare enforcement would be required.
- DART’s fare structure would be used – with the addition of a special Streetcar charge for people riding only the Streetcar.
- FY 2018 budgeted operating expense of \$2,082,498 was used.

Streetcar Fare Revenue Assumptions (continued)

- An introductory price of \$1 to ride the Streetcar is modeled.
- Price elasticity of 0.25% is used. For every 1% increase in fares, ridership decreased 0.25%, so a drop of 25% in Streetcar ridership is used.
- Transfer assumption: 50% of the Streetcar riders do not transfer.
- Streetcar fares (of \$1 per trip) would be used to offset Streetcar operating costs.

Potential Streetcar Fare Revenues

Streetcar Revenues	No Fare	With \$1 Fare
Fare Price	\$ -	\$ 1.00
FY 2018 Ridership Budget	151,500	151,500
Non Transfer Riders %	50%	50%
Non Transfer Riders	75,750	75,750
Elasticity	0%	25%
Non Transfer Riders After Fare	75,750	56,813
Transfer Riders	75,750	75,750
Total Ridership Paying Fare	151,500	132,563
Total Streetcar Revenue	\$ -	\$ 132,563

A yellow and white streetcar is visible in the background, partially obscured by the text box. It has "eye opener" and "webcam" written on its side.

Dallas Streetcar Expenses

Streetcar Expense Assumptions

- The DART Budgeted FY 2018 Streetcar Operating & Maintenance Expense was used as a base expense number
- Cost recovery ratio represents revenue divided by operating cost
- Operating costs exclude the cost of validators (\$885 each plus installation, two per vehicle)

Potential Net Streetcar Expenses

Streetcar Finances	With \$1 Fare
FY 2018 Operating Expense Budget*	\$ 2,082,498
Use of Love Field Funds	\$ (579,809)
Streetcar Revenue	\$ (132,563)
Dallas Streetcar Operating Expense	\$ 1,370,127

*Operating costs exclude the cost of validators (\$885 each plus installation, 2 per vehicle)

A city street scene with a yellow bus and a sign that says '#HungerActionMonth'. The scene is overlaid with a semi-transparent orange rectangle containing the word 'Conclusion' in bold blue text.

Conclusion

Conclusion

- A Streetcar fare price of \$1.00 would potentially generate \$133,000 in additional revenue. This represents a cost recovery ratio of 6.4% (portion of costs covered by revenue). DART system-wide recovery ratio is approximately 15%. A Streetcar fare price of \$2.36 would result in a recovery ratio of 15%.

Staff Recommendations

Defer decision to implement a fare for the streetcar based on the following:

- Initial funding for the streetcar was based on economic recovery (TIGER grant).
- Economic analysis needs to take place to determine the full impact/benefit of the streetcar on the surrounding areas.
- Need to evaluate the potential economic impact and benefits related to the Central Link.
- Should coordinate with MATA on a common approach to implementing a fare.

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