



TheRide Fare Study

Technical Memo #4: Strengths, Weaknesses (Needs), Opportunities, and Challenges FINAL

Prepared For: Ann Arbor Area Transportation Authority

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A first step in this task will be to develop clear goals for TheRide's fares, taking into consideration TheRide's project objectives:

- The balance of ridership, revenue return, and community social, environmental, and economic benefits
- Customer convenience, considering the ability of frontline staff to explain the fare structure and customers to understand it
- Direction for the use of technologies to improve fare collection or distribution

Using those goals, and based on findings from Tasks 1 and 2, we conducted an initial assessment of the needs, opportunities and challenges facing TheRide. This analysis starts to identify strengths, weaknesses, opportunities, and challenges in TheRide's existing fare policies, fare structure, and fare collection technology.

Strengths

- **TheRide's fares take into consideration riders' ability to pay.** TheRide offers free or discount fares for seniors, persons with disabilities, K-12 students, and low income riders.
- **TheRide's one-way fares align with peer fare pricing.** TheRide's adult local fixed route one-way fare is in the middle of range of what peers charge (\$1.00-\$2.00). However, its 1-Day and 30-Day passes are priced higher than its peers.
- **The variety of fare media provides riders with many options to pay their fares.** Fare media types include cash, tokens, magnetic stripe tickets, and more. Each of these products help to meet the needs of different rider segments.
- **A majority of boardings are either prepaid or paid through a third-party program, helping**

minimize cash transactions and dwell times. Riders who have the ability to prepay or to board using a third-party pass also expressed satisfaction with how easy these payment methods made it to board TheRide. Thus, this characteristic of TheRide's services benefits both the agency and riders.

- **Third-party programs bring stability to TheRide financially and expand the reach of the agency in terms of potential riders.** TheRide has done a good job of marketing the advantages of transit benefits programs to organizations in the community, including to educational institutions and employers. These third-party programs, due to the way they are set up, make it easy for members to pay for and board TheRide's services, even if they do not have much previous experience with public transit. While third-party programs provide financial stability today, as technology evolves, it will be important to consider how new mobility options impact TheRide's competitiveness with regards to these new mobility options and third-party participation in TheRide's pass programs.
- **Photos on Fare Deal, ARide, and GoldRide ID cards as well as UM MRide cards support fare enforcement.** The photos enable the bus operator to confirm that the rider is the ID holder.
- **The current data being collected on agency services meet the majority of TheRide's federally-required data reporting needs.**
- **TheRide is customer-focused.** TheRide staff and operators are attentive to the needs of riders. For instance, when riders have change cards that are not being read correctly. TheRide will collect their contact information so they can address the issue.

Weaknesses (Needs)

- **There are no formal fare policies currently in place at TheRide.** The lack of fare policies means there are no formal guidelines in place to direct staff as they make decisions related to fares. Without this guidance, implementation of new services or any fare changes may appear disconnected from current practices. This disconnect increases confusion for both riders and staff and can create further issues in the future as the variety of fare implementations expands with no clear end goals.
- **TheRide's fare options are complex, which can make them difficult to understand and remember.** The variety of discount fares, their eligibility restrictions, and agency-issued IDs complicate fare collection and enforcement. Bus operators are required to learn the different rider categories and fare prices as well as the variety of media used by riders, including passes and IDs. There are concerns that the number of IDs and rider categories may be overwhelming and confusing for both operators, who bear the burden of enforcing these policies, and the public.
- **TheRide does not have a fare policy to address how new, innovative programs and services should interact with existing services.** There is no consistent multiplier for the pricing of fare products amongst fare products (e.g., local fixed route monthly pass priced at 38.7x the one-way fare while ExpressRide monthly pass is priced at 20x the one-way fare), nor a methodology

for systematically determining the price of new services (e.g., new FlexRide service, route 81 that links the cities of Ypsilanti and Ann Arbor with express service). While there may be business reasons for establishing different pricing policies (e.g., using a different monthly pass multiple for different services), there is no documentation of the rationale behind TheRide's fare policies. Establishing a fare tariff that defines the TheRide's fare policies as well as creating a fare policy for expansion of services would help TheRide plan for the future and help simplify the fare structure to enable better rider comprehension.

- **Current policies surrounding Fare Deal ID cards may make people in certain groups feel uncomfortable or disadvantaged.** Underlying this situation is a need to identify what information TheRide needs to collect to improve operations and maintain integrity in and enforceability of TheRide's ID cards. Currently, IDs include the rider's photo and full legal name. Exceptions in regards to the name printed on the card are made on a case-by-case basis for riders who may not identify with their name based on gender identification. In these cases, the first initial of the rider may be printed on the card instead of the rider's full first name.
- **TheRide does not have a policy for how to price the first year of an organization's participation in a third-party pass program.** TheRide does not have data regarding current ridership levels for employees who work for employers who are interested in participating in an all-in employer program, similar to the Google's MyCommuter Card. This limits TheRide's ability to expand its third-party pass programs. If expansion of third-party payer programs are pursued, it will be important to identify a way to price the programs in a defensible way that can be explained to new potential organizations while ensuring that the price covers the program's ridership and potential associated administrative costs.
- **TheRide's current Title VI policy for fare changes may not appropriately consider how fare changes affect minority or low income populations.** While TheRide conducts Title VI analysis whenever there is a fare change or when a new service is introduced, the Equity Analysis Policy updated by TheRide in 2014 includes a methodology for analyzing fare changes that may not be able to capture the cumulative effects of fare pricing changes on minority and low income populations, or the introduction of new methods of fare payment. Since the new circular, TheRide has not received input or guidance from the FTA on its Title VI policy.
- **While TheRide has some service standard performance indicators, there are no metrics related to fares.** Though TheRide does monitor farebox recovery ratio trends, the agency does not have policies in place that identify how to evaluate these trends. There is a general lack of guidance for how to operationalize data or metrics for use in a decision-making process.
- **Policies regarding tokens are not uniformly enforced.** There is confusion within TheRide around tokens as to whether two large tokens (half fare token) can be combined to equal a small token (full fare token). It is also unclear if a change card can be given for the value difference between the full and half fare tokens, as the answer varied among people who were asked.
- **Change cards are being used for purposes beyond what they were originally intended for.** Some riders appear to pay for a single ride with a \$10 bill upon boarding, and then use the

change card over the course of the week to pay for their rides. Since change cards are not written on fare media intended for extended period use, problems can arise due to the durability of the paper magnetic stripe tickets, especially when wet. Use of change cards in this way may point to a need for a 10-ride ticket or stored value ticket. However, TheRide has had challenges with coding 10-ride or stored value tickets in the past with its current fareboxes.

- **Current transfer policies diminish riders' incentive to purchase a 1-Day pass.** TheRide currently offers free 90-minute one-way transfers with its cash fares. Since the 1-Day pass is priced at three times the one-way cash fare, the purchase of a 1-Day pass is only advantageous for riders who make more than three one-way trips. In 2017, only 0.1% of boardings were paid with a 1-Day pass.
- **The length of time for which transfers are valid (90 minutes) may not be sufficient.** This is especially true during times of day when TheRide has lower service levels and longer headways, such as early morning and late at night as well as on the weekends.
- **The current 30-Day pass price does not incentivize increased ridership.** Because a 30-day pass costs 38.7 times the price of a single-ride cash fare, few riders use TheRide often enough for it to make financial sense to buy the 30-Day pass. TheRide may be losing out on ridership since riders who purchase a 30-Day pass are more likely to continue riding the bus throughout those 30 days, since the pass represents an upfront cost that has already been paid.
- **There have been challenges with the enforcement of agency-issued ID cards, and associated ridership may not be correctly tracked.** ID cards are issued to riders who receive free or discount fares. ID cards expire and require recertification (e.g., ADA-eligibility is good for three years). Some riders have had issues with the durability of the ID cards, especially those that are valid for longer periods of time. Since these passes are used as flash passes, it can be difficult for the bus operators to verify the information on the card and enforce appropriately. For free fares for ARide and GoldRide customers, since the card is not electronically verified, the bus operator must key in the rider type and may do so incorrectly, limiting the validity of the data collected.
- **Expiration dates on FareDeal ID cards can result in delays at boarding.** While the expiration date on ID cards enables the bus operator to identify an ID that is no longer valid and requires the rider to be recertified, riders will try to use expired IDs with 30-Day Fare Deal passes. This leads bus operators to explain to the rider that the ID is expired. The operator many times may also explain how to renew the ID out of concern for the rider, but this can further impact dwell times.
- **The farebox TRiM units cause the most maintenance issues, especially due to the use of wet change cards.** These failures are a major source of supervisor roadcalls, and can cause operator-rider conflicts. It is estimated that operators call in a supervisor regarding their farebox about a dozen times a day. Some of these issues are solved spontaneously on-site, but others do require a supervisor visit, which can impact the quality and speed of operations.
- **Incorrect farebox key entry impacts the quality of TheRide's ridership data.** Operators use the

free fare key for multiple fare types, even if there are keys dedicated to other types of situations that may be relevant. This problem seems to be most prevalent when operators experience a heavy load of passengers boarding the vehicle.

- **The functional capabilities of the current farebox configuration could enable fraud.** Bus operators are taught that they can tell the farebox to accept a fare media as a dollar value of \$1, \$5, or \$10 and then issue the appropriate amount of return money onto a change card. TheRide is not aware of any current issues with this function being overused or mishandled, but there is some concern that this capability could lead to fraud.
- **TheRide's current Odyssey fareboxes can only read first generation proximity cards, which have limited capabilities and may not meet TheRide's desired functionality.** Few transit agencies have used the smart card functionality of these fareboxes due to the limited functionality. The readers support only card based (not account based) smart card systems and don't have the ability to carry more than one product (e-purse plus pass, eg) or reload an e-purse. The specialized cards carry a relatively high cost per smartcard compared to other media.
- **TheRide's in-house eligibility screening services are strained due to the high volume of applications at certain times of year.** There has generally been a huge influx of applicants for ADA and GoldRide photo ID cards at certain times of year (e.g., Ann Arbor Art Fair) since the introduction of free service for these groups on fixed-routes. Current staffing for eligibility services at these peak times may be inadequate.
- **Route 81 is unique in terms of industry practices, and thus integrating these types of services into the overall fare policy in the future may require innovative thinking.** Four Nines is unaware of a comparable peer example given the unique funding structure. While in many regards Route 81 is similar to TheRide's other Express routes (e.g., service limited stops, similar end-to-end trip length, operates only during the peak), the main difference is that the service operates 100% currently within the service area. Generally, other transit agencies would price these services the same as the service characteristics; however, given the millage, unique funding structure, and the fact that there are other routes that connect Ysplanti and Ann Arbor (even though they operate as local services), it makes sense that this service is priced like other fixed route services. The challenge will be if the route extends beyond the service area in the future as it was initially proposed. In this situation, if TheRide chooses to price in-service area routes at one price and out-of-service area routes at another price, a viable option to collect the correct fare is to use a pay-upon-boarding policy for inbound trips and use a pay-on-exit policy for outbound trips. If instituted, riders in the morning would pay the fare when boarding (Express fare for out-of-service area stop; fixed route fare for in-service area stations) and then pay the applicable fare based on the stop where the rider is alighting in the evening. These types of policies are common for gated, distance-based fares but have also been implemented for zone fares. These type of policies are also used sometimes to reduce dwell times at high volume stations (e.g., transit centers). There is definitely the potential for fare evasion as riders may exit rear doors without fare payment or if a rider does not have sufficient cash to pay the

fare. However, given that this policy would be implemented on a limited basis (i.e. potentially only on one route), frequent fare evaders would be relatively easy to identify.

Opportunities

- **Simplify rider categories, fare products, and fare media.** Under current operations, there are many different discount groups and rider categories. There are also three ways to pay a fare - cash, token, or pass with a variety of fare media. There is a belief that this confusion extends into the website and other aspects of the rider experience as well. Part of the problem is that new products, rider categories, and fare service types have been added in an ad hoc manner without a guiding policy for how to structure new programs and pricing for new rider categories and services.
- **Create well-defined fare policies that provide clear direction for the future.** These policies should address both ongoing service as well as any changes that may be implemented to services or fares.
- **Review fare rider category discounts and align rider category discounts with industry standards.** Very few transit agencies offer discounts to individuals ages 60 to 64 or free rides to personal care attendants (PCAs) on fixed-route services. TheRide must consider whether the incentive to shift to fixed-route use that allowing PCAs to ride for free encourages outweighs concerns regarding potential lost fare revenue and concerns that non-PCAs may be claiming PCA status in order to ride free.
- **Evaluate how rider category discounts are distributed and enforced.** Many transit agencies have been using technology to help enforce rider category discounts instead of relying on the bus operator to enforce and collect fares.
- **Review the current transfer policy that prohibits riders from using a transfer to complete a round trip.** Currently, there is a restriction on transfers so they cannot be used for roundtrips. The farebox will reject the transfer if a rider attempts to use it for this purpose on the reverse direction bus of the same route number. There was not a solid understanding behind the reason for disallowing this behavior. With the introduction of new technologies, replicating this restriction may not be cost-effective.
- **Revisit the role tokens play in operations.** Using tokens requires TheRide staff to repackage the tokens by hand before they are recirculated. Presently, tokens are a primary means for social service agencies to provide transit services to their clients. As such, TheRide would need to pay special attention their relationships with social service agencies in terms of fare media provided as they evaluate tokens as a fare medium. If discontinued, it will be important to identify how these agencies can distribute one-way fares with the elimination of tokens cost-effectively and with use of technology. When TheRide attempted to discontinue tokens without a replacement in the past, TheRide had to reverse its decision and reintroduce tokens to address the public's backlash.

- **Integrate fixed route fare products with other services, including rideshare and bikeshare.** The future of Arbor Bike, the local bikeshare, is slightly uncertain, though, since TheRide will soon be seeking an operator for the remaining life on the assets until 2024. There may be opportunities for integrated fare products and/or multimodal fare subsidies. However, it will be important to not undermine the financial sustainability of TheRide's core transit services. There may also be limitations on the ability to use certain funding sources for subsidizing non-traditional public transportation.
- **Improve data and reporting with new fare collection policies and technologies.** IT generates a monthly report of ridership that is used to report back to the NTD and State of Michigan. Some of this information is also passed along to employers and the University of Michigan, who many times ask to see data concerning their specific ridership segments. This same data is also used to establish billing amounts for these third-party payers. Technology could provide additional ridership data (e.g., boarding and alighting location data, time of day data) to the planning team for service planning and fare product usage rates to the finance team to better price fares and passes. As the data collected expands, it will be important to define business rules about how the data may be used as well as how to protect personally identifiable information to ensure anonymity of riders.
- **Expand TheRide's third-party programs, especially for employers, and identify opportunities to streamline administration and invoicing.** The go!Pass and MRide programs have been successful at attracting organizations and has resulted in a large share of fares being paid through third-party payers. There has been interest to expand the goPass! concept to employers who are not located in downtown Ann Arbor. A systematic policy and technology investments could enable expansion, while also providing better options for third-party payers to self-manage their participation. If possible, TheRide would like to shift much of the management and administration of passes onto employers and businesses. There are also opportunities to explore alternative methods for invoicing, such as electronic funds transfers (EFT). The challenge in expanding third-party programs will be determining the pricing for new organizations and addressing the limitations of the level of service outside of downtown Ann Arbor.
- **Use new technology such as smart cards to enhance ability to track transfer rates and thus more accurately price fares and passes based on actual trip usage patterns.** This would be especially helpful to TheRide as they seek to expand their third-party pass programs and begin negotiating those contracts.
- **Use new technology to enable add on pass for ExpressRide for third-party participants.** Currently, third-party payers only pay for local fixed route service. It may be worth evaluating how participants from these organizations could pay an upgrade to use ExpressRide while third-party payers contribute the local fixed route base fare to encourage ExpressRide ridership amongst these third-party participants.
- **Implement technology to reduce cash transactions, attract new riders, and reduce maintenance costs.** Various departments within TheRide would like to see technological

advancements at the agency. Operators would like to use technology to encourage as many riders to pre-pay as possible, to stay away from cash, and to automate as much of the boarding process as possible in order to improve relationships with riders. Administrative staff are interested in moving in a direction that can be sustained going forward financially and technologically, including in terms of its ability to engage potential riders. Maintenance staff would like to see more modern modes of fare collection explored, such as smart cards, credit cards, and QR codes and reduction in reliance on the farebox and TRiM unit.

- **If new technologies considered to reduce cash onboard, expand retail network to provide access to load value for unbanked and underbanked riders.** Currently, TheRide accepts cash, check, and credit card both online and at its two main transit centers. The Bank of Ann Arbor also sells fare media in the form of full fare tokens and passes, and accepts cash or check for these items. This relationship is on a consignment basis. There is currently no retail network outside of the Bank of Ann Arbor branch locations. If smart card and/or mobile ticketing are pursued, it will be important to consider how unbanked and underbanked riders will be able to conveniently and frequently load value using cash, in order to avoid or mitigate impacts to low-income riders.
- **Though go!Pass coordinators currently tell employees that passes should be used primarily to travel to and from work, there is interest in marketing the passes as usable for all of employees' travel needs.** It is nearly impossible to monitor whether employees are using their passes primarily for work or non-work trips. However, since the DDA externally encourages businesses to frame go!Passes as an employee benefit and internally views the program as a key component of their travel demand strategy, the DDA is ok with use of the passes beyond commuting purposes. This matters since DDA subsidizes the go!Pass program, even though the agency does not do any marketing, promotion, or administration for the program. TheRide will want to confirm with the DDA that go!Passes can be used by employees for both work and non-work trips.
- **While there is tremendous interest in both the concept of MaaS and integration with app-based services such as Lyft and Uber, this new mobility landscape and the ways transit can integrate with it are still in the process of being defined.** There are a number of pilots, some funded by FTA's Mobility on Demand Sandbox grants, which are still under development. Researchers, Volpe, Smart Card Alliance, vendors, and others have also been exploring viable ways to deliver the integration. Some transit agencies have also been doing pilots using minimal integration (e.g., unique codes, links between apps) to test the viability of transit/ride hailing integration. There may be challenges with subsidies, however. Operating funding sources have restrictions on how the funds can be used and may not enable transit agencies to use the funds to subsidize non-shared ride services (e.g. ride hailing trips).

Challenges

- **The current fare media used for many of TheRide's third-party pass programs make it difficult to administer and manage active cards.** Organizations that participate in a third-party program

are asked to let TheRide know if a pass is lost or stolen so that the card can be deactivated, However, the process to deactivate the magnetic stripe cards is complicated and time-intensive. As such, TheRide only deactivates cards about once every two weeks, which increases the possibility for fraudulent use of the missing pass.

- **Reliance on the University of Michigan’s third-party pass program exposes TheRide to financial risk.** There is concern that TheRide’s financial success is too closely tied to MRide’s success, since MRide pass holders account for approximately 40% of local fixed route ridership. If the University were to experience declining enrollment or other hardship, TheRide may feel these impacts as well.
- **TheRide’s total ridership may be underreported to NTD due to missing farebox transactions.** APC (automated passenger counter) ridership is higher than what is reported by the GFI farebox. While APC ridership tends to be higher than farebox data, the discrepancy is greater than industry standards and may be due to two underlying issues: (1) fares are not being collected at the farebox or (2) APCs are overcounting ridership. The difference in ridership raises concerns about fare evasion.
- **There is concern from staff and operators about the level of fare evasion occurring on local fixed routes.** Bus operators view it as their responsibility to help address fare evasion. Operators will call passengers back up who do not show their Fare Deal ID card but pay a reduced fare. They also expressed concern about when they see go!Passes or Exceptional Passes being used at night when people are likely not traveling to/from school or work. Generally, the bus operators said they are consistent about checking for IDs every time a discount fare is paid in order to create a fair playing field for all riders. However, at times, if they can tell the person is qualified for a free or discount fare (e.g., senior 65+), they may allow the rider to board without ID. Nonetheless, some staff members expressed concern about fare evasion and riders not showing proper identification, as well as potential discrimination caused by uneven enforcement of policy. It also clearly states on FareDeal, GoldRide, and ARide ID cards that the rider must present card to receive service. Staff would like to identify ways to ensure low fare evasion rates in the future, as even the perception of fare evasion can affect driver morale and public perception of the system.
- **TRiM unit issues are difficult to resolve.** The TRiM unit issues discussed under weaknesses may be difficult to resolve. Other agencies’ experience has shown that TRiM units create the plurality of farebox maintenance issues everywhere they are in use. The best mitigation practice is to reduce the need, for example by reducing the need for and use of change cards.
- **TheRide receives set aside funding streams for certain services, but it is unclear if these funding sources cover the forgone fare revenue for free rides by seniors 65+ and ADA-eligible riders on fixed route and the operating costs of providing GoldRide paratransit service.** TheRide has a special GoldRide program for seniors 65+ that provides these customers with curb-to-curb service. Individuals with a GoldRide ID card are eligible to ride all fixed-route vehicles for free and to access ARide services within Ann Arbor and portions of Pittsfield Township with additional trip inclusions to Domino’s Farms, UM Lobbies, East Ann Arbor

Medical Center, WCC, and St. Joe Hospital. There is dedicated funding set aside for this program, which has been around in some form since the 1970s. The reason given for the GoldRide shuttle program being available in Ann Arbor, but not Ypsilanti, is that funding for the program comes directly from the City of Ann Arbor millage.

- **TheRide is constrained in its policies and operations at times due to its funding structure.** In August, TheRide will go out to voters to ask for them to approve a 0.7% millage for five years. All three jurisdictions (City of Ann Arbor, City of Ypsilanti, and Scio Township) must vote in favor by a simple majority for it to be approved. In the last millage campaign five years ago, they promised no fare increases if the millage was approved. No formal promise has been made thus far for the proposed millage. Nonetheless, TheRide is hesitant to approach the discussion of raising fares now ahead of the new millage vote as the revenue generated through a millage is significantly greater than the additional revenue that would be generated by a fare increase.
- **Though costs for the agency are on the rise, there have been no changes to the base fare since the increase planned for 2007 to 2010.**
- **Related to financial transactions, TheRide currently pays about \$15,500 in bank fees per year, and this may increase as TheRide tries to reduce cash transactions.** Of this figure, approximately \$3,500 is specifically related to the get downtown program. These fees represent lost revenue for the agency. As TheRide considers new technologies and reducing cash, it will be important to consider the impact on transactions paid. For example, mobile ticketing vendors will typically handle all electronic transactions and accompanying costs for an 8%-15% fee. Additional fees apply for cash transaction network vendors (e.g., PayNearMe) that enable riders to use cash to purchase fares or passes for electronic fare collection systems, such as mobile ticketing and smart cards.
- **TheRide's current practices for vaulting and probing of buses are slow due to technology constraints, and issues with probing can result in missing farebox data.** Each night, TheRide vaults and probes 115 fixed route fareboxes on-site with one receiver. When TheRide does a significant update to the action list (e.g., there are many go!Passes added to the bad list because they have been lost or not returned when an employee leaves an employer or the M-Ride list is significantly updated), the probing can take longer than normal. Every bus must complete the full download before they can be vaulted, so increased download times multiply. This causes staff to work longer than expected. There are also times when probing is interrupted or an error occurs and probing is not completed, leaving the bus unvaulted and the data on board. If the same bus is problematic multiple nights in a row, when it finally is probed the data memory systems on the bus might be full resulting in missing data and/or the vaults may be exceedingly heavy. One of the limitations is due to the fact that TheRide only has one probing receiver.
- **Though new technologies may help minimize cash transactions, it will be important to consider how unbanked and underbanked riders will be able to pay their fares and whether any technology constraints and/or pricing introduces a disparate impact on minority populations or disproportionate burden on low income populations.** Any decisions

surrounding policy and technology as it relates to fares will have to be evaluated from an equity lens to ensure vulnerable populations are not negatively impacted. For example, if a stored value discount is introduced for electronic fare payments, it will be imperative to consider minority and low income populations' access to the fare media and ability to load value.

- **The uncertainty surrounding the state of the Regional Transit Authority of Southeast Michigan (RTA) created in 2012 adds a level of complication to TheRide's fare policy and technology decisions.** The RTA is currently exploring open payment, open architecture, and retail options as a way to streamline fare integration between SMART, DDOT, and TheRide for riders. The concept of operations created for this project will include various pathways from key decision points to sketch a realistic outline of future integration for the three systems under the RTA. Until these recommendations are released, uncertainty remains about integration between the three transit agencies. Additionally, until the RTA receives a steady source of funding, that agency's viability as an institution for creating greater mobility in the region is also questionable.
- **Establishing a cost per eligible employee for third-party payer programs outside of downtown Ann Arbor may be difficult.** While there may be interest expressed by some employers outside of downtown Ann Arbor (e.g., Google), the number of employers interested may be limited. As result, without a significant number of participating employers, it is difficult to establish an EcoPass-type pricing model that prices passes based on the ridership generated per eligible number of employees. Pricing is also complicated as the service levels provided outside of downtown Ann Arbor may vary significantly for employers who are in different parts of the service area. As a result, TheRide may need to explore establishing a contract price based on ridership for each participating employer.
- **TheRide's current coverage service model that ensures 90% of households in the service area should be within ¼ of a mile of a bus stop is at odds with improving farebox recovery.** TheRide has not had a recent, explicit discussion of ridership versus coverage. The initial motivation for a coverage-based service model has been due to the millage that is assessed within the entirety of the service area. The coverage-ridership tradeoff has a direct impact on the effectiveness of service delivery; the coverage model prioritizes access to transit over focusing service investments on high-ridership corridors and maximizing ridership and consequently fare revenue. Currently, TheRide's fare revenue covers 16-17% of its operating costs excluding leases and depreciation. While farebox recovery provides a means for TheRide to hold itself accountable as an effective steward of public resources, the establishment of farebox recovery targets is heavily dependent on the decision TheRide makes with regards to coverage vs. ridership related to service delivery, which is outside of the scope of this fare study.