

BOARD OF DIRECTORS REPORT

To: David A. Genova, Interim General Manager and CEO

From: Bruce Abel, Assistant General Manager

Date: January 5, 2016

Subject: DRCOG Cost Share Agreement

Date: January 5, 2016
GM
Board Meeting Date: January 19, 2016

RECOMMENDED ACTION

It is recommended by the Operations and Customer Service Committee that the Board of Directors authorize the General Manager, or his designee, to execute all documents necessary to enter into an Agreement with the Denver Regional Council of Governments (DRCOG) to provide RTD support and expansion of the DRCOG Way to Go vanpool program in the Denver metropolitan area. This agreement is for calendar year 2016 and shall be in an amount not to exceed \$947,600.00.

BACKGROUND

Vanpooling is a transportation option in which commuters/employees whose residences are geographically clustered, ride together to and from their work sites in a van that is driven and maintained by one of the vanpool participants. Typically, the vans carry from six (6) to twelve (12) riders and are provided by the vanpool program. Vanpools are organized to be fiscally sustainable and to render regular, on-going service to vanpool members on a break-even, cost sharing, fare basis. Vanpools eliminate the costs associated with dedicated drivers and expensive equipment.

As a transportation mode, vanpools provide personalized transportation at low cost and offer greater opportunities for increased capacity as compared to carpooling. Vanpools also offer a cost-effective alternative to conventional transit service in areas of low population density and longer commute distances.

DISCUSSION

RTD has supported the DRCOG Way to Go vanpool program since 2001. The vanpool program had previously experienced limited participation due to perceived high fares, insufficient funding for van acquisition, difficulties in recruiting drivers, and the lack of funding to support necessary marketing activities. In order to help overcome these barriers, the RTD and the DRCOG entered into a partnership in April of 2001 to expand vanpool service in the Denver metropolitan area. In doing so, RTD and DRCOG believed that the organizations could make meaningful advances toward meeting shared goals of offering desirable mobility options, reducing traffic congestion, and improving air quality in the Denver metropolitan area. Benefits for RTD include substantial cost savings from avoidance and/or replacement of marginal bus routes with vanpools. Benefits to both RTD and DRCOG include complementary marketing programs and increased commuter transportation alternatives.

RTD financial support is used to help underwrite the vanpool pricing structure in order to make vanpool fares more competitive in the transportation marketplace. By subsidizing vanpool fares, vanpools are able to compete with other transit alternatives and are perceived as a more attractive alternative for area commuters. In addition, RTD support is used to provide incentives to attract and retain vanpool drivers and to provide capital funding to acquire necessary rolling stock to provide vanpool services. Since the advent of RTD support for the vanpool program in late 2001, the number of vans in service grew from 11 to 115 active vans.

In 2009 the vanpool program became difficult to manage due to a shortage of DRCOG personnel. DRCOG looked outside their agency at private companies currently operating vanpool services in other metropolitan areas. After a competitive bid process, DRCOG choose VPSI to operate the vanpool program. VPSI took over all operating aspects of the vanpool program. Currently the vanpools carry an average of 5.4 riders per van and the fleet is at 76% capacity.

DRCOG vanpool performance through October in 2015 (thru the 3rd Qtr) resulted in an RTD subsidy per passenger seat used of approximately \$3.79 and \$2.47 for each seat sold. For comparison, the subsidy per passenger for RTD fixed route service in 2015 ranged from an average of \$3.30 subsidy per passenger for CBD local routes to an average of \$6.78 subsidy per passenger for suburban local service and an average of \$4.75 subsidy per passenger for regional service.

FINANCIAL IMPACT

Funds for RTD support of the DRCOG Van pool program are budgeted in the approved 2016 budget. Nothing herein obligates the RTD to renew or extend this Agreement.

ALTERNATIVES

1. Approve the financial support of the DRCOG Way to Go vanpool service in order to continue to provide and expand this transportation option for residents of the Denver metropolitan area who work/commute in the Denver metropolitan area.
2. Do not approve the cost sharing agreement. This course of action is not recommended as it may result in a reduction to or elimination of the DRCOG Way to Go vanpool program which would result in an increase in single occupant commuting and increased demand for low productivity transit service as an alternative.

Prepared by: Brian Matthews, Manager, Special Services

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Approved by:



Brian P. Aber, Assistant General Manager

1/5/2016