



August 5, 2015

To: Fox Cities Transit Commission

From: Deborah Wetter
General Manager

Subject: Possible Oktoberfest Fare Increase

As part of our budget process for 2014, Valley Transit proposed fare increases that would generate more revenue without a huge impact on ridership. In January 2015, we implemented an overall fare increase that did not include increasing the 25 cent Oktoberfest fare. The Transit Commission requested that staff bring the item back prior to Oktoberfest with a recommendation on whether to increase the fare to 50 cents.

Valley Transit has done an excellent job each year providing over 10,000 rides to Oktoberfest and approximately 5,000 rides to License to Cruise. Oktoberfest service requires an extraordinary effort by everyone in our organization to deliver because on Oktoberfest day we provide approximately three times the number of rides than we do on an average weekday. Every year the Oktoberfest service attracts a large number of first time riders to the Valley Transit system. Easy to use, easy to understand well-advertised service helps those new riders to feel comfortable choosing transit. The clear, concise information also needs to be distributed in the general Oktoberfest information in order for them to be able to make informed transportation decisions prior to the event. The riders' impression of Valley Transit is based on the service they receive for Oktoberfest and the value they see for the fare paid. A 25 cent fare requires only one coin, which makes it a simple fare to collect. It has been the fare for the Oktoberfest service for years so is easy to promote with the media and other Valley Transit partners and is known to the people who have used Oktoberfest service before.

The cost of parking downtown is \$2.00 which makes the bus fare competitive for a family of four. Increases in the bus fare without comparable increases in the cost of parking will tend to encourage more people to try to park rather than taking the bus. More cars adds to congestion and parking issues downtown and a greater impact on downtown neighborhoods when people park on the street rather than paying the parking cost.

Valley Transit generated fares of \$2,500 in 2014 with 10,867 rides taken. If we were to raise the fare to 50 cents, we conservatively estimate that we would lose 10% of the riders. Therefore, the additional revenue generated by the 50 cent fare on 10% fewer rides would be approximately \$4,100 providing an additional financial benefit to Valley Transit of \$1,600.

This event is extremely important for Valley Transit from a marketing and public relations point of view. It meets a community need by providing service for an important well-attended event and allows people who don't generally use our service to see how

professional, easy, and courteous transit service can be. The positive press we receive is more credible than advertising and provides better exposure for Valley Transit than using an equivalent amount of money to buy advertising.

Although our team will still provide excellent service to Oktoberfest customers, we will probably face challenges this year which will require strong service recovery plans to be in place because the people who have lead the Oktoberfest operation in past years are no longer at Valley Transit and half of our operations team is so new they have not been part of Oktoberfest service delivery. Therefore, it is not an ideal year to increase the fare for the service.

Considering the small financial benefit of raising the fare to 50 cents this year, the newness of the operations group and the potential to confuse or upset Oktoberfest customers who only experience our service once a year and whose support is key to Valley Transit's continued efforts to find a sustainable local source of revenue to grow the system, staff recommends that the Commission leave the fare at 25 cents. If the Commission feels strongly that the fare should be increased, staff requests that it not be raised until 2016. That will give the new operations team time to perfect the service, will allow ample time to notify new riders of the fare increase and will be less of an impact on ridership this year which has already been affected by the overall fare increase that was put in place in January 2015.

Recommendation: Keep the Oktoberfest fare at 25 cents. If an increase to 50 cents is necessary, put the increase in effect in 2016 and recommend to the Council that the parking rates for Oktoberfest be increased a comparable amount in 2016 to provide an incentive for people to use the bus rather than driving to Oktoberfest.