
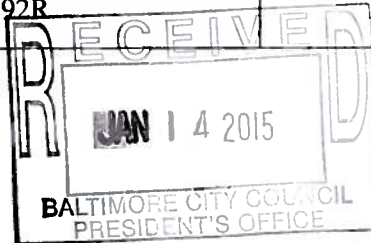


FROM	NAME & TITLE	William M. Johnson, Director	CITY of BALTIMORE	
	AGENCY NAME & ADDRESS	Department of Transportation 417 East Fayette Street, Room 527		
	SUBJECT	City Council Bill 14-0192R	MEMO	

TO

The Honorable President and Members
of the City Council
c/o Natawna Austin
Room 400 City Hall

January 13, 2015



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I am herein reporting on City Council Bill 14-0192R which calls on representatives from the Departments of Finance and Transportation to appear before the Council to report on the costs and ridership numbers for the Charm City Circulator, as well as whether or not the revenue sources originally intended to pay for Circulator operations have proven to be sufficient; and to discuss the contents of the RFP to operate the Circulator in future years, including the possibility of requiring a \$1 fare for each Circulator ride.

DOT supports this opportunity to speak with you about current Charm City Circulator operations.

The Charm City Circulator, Baltimore's free downtown bus service, began operations in January 2010. The Circulator currently operates along four routes throughout the Downtown and Central Business District (CBD) areas. DOT originally began running the Circulator in order to reduce vehicular congestion within the CBD, reduce vehicular emissions contributing towards air pollution, improve connections among City communities for both residents and visitors, and improve availability and access to the existing parking supply. The Circulator receives wide support from residents and businesses. It has received several "Best of Baltimore" awards from the *City Paper* over the years, including "Best Bus Line," "Best Public Transportation Service," and "Best City Service;" and the *Baltimore Sun* has called it a "game changer for the City." Businesses have cited it as a factor in encouraging them to locate in downtown Baltimore, and commercial real estate brokers have reported that there is higher demand for locations along Circulator routes.

Most indicative of the Circulator's support, of course, is its ridership. The Circulator receives, on average, 11,000 riders a day, with the majority of those riders taking the Purple Line. The Purple Line sees 4,686 riders a day on average; the Orange Route, 3,790 riders; the Green Route, 1,743 riders; and the Banner Route, 1,103 riders. The Orange and Purple Lines significantly increased in average monthly ridership between 2011 and 2012. Each of these lines showed slightly decreased ridership in 2013. For 2014, the Orange Route's ridership fell slightly, while the Purple Route's ridership increased. The Green Route showed a slight increase between 2012 and 2013, and then a small decrease in 2014. Total monthly ridership started at about 150,000 riders in July 2010, and had surpassed 400,000 riders per month by December 2013. Over the last six months of Fiscal 2014, ridership averaged just under 325,000 riders per month across all lines.

Circulator ridership is very diverse, but most riders are Baltimore City residents who frequently utilize the service. The City's *2012 Circulator Survey and Fare Survey Report* found that 42% of Circulator riders use the service four or more times a week. Most riders are City residents; 92% of all riders live in Maryland, and of those, 85% live in Baltimore City. The Downtown Partnership's *2013 Downtown Residential Outreach Survey* found that nearly one third of all downtown residents reported riding the Circulator at least once a week, and over three quarters of downtown residents reported riding at least once per month. According to the 2012 survey, ridership is very diverse; 45% are Caucasian, 34% are African-American, and 21% are Asian, Hispanic, Native American or other. Approximately one third of riders have household incomes of less than \$25,000 a year; relevantly, half of all respondents in the 2012 survey indicated that their favorite aspect of the Circulator was that it is free, and 89% answered, "no, there should not be a fare to ride the Circulator."

DOT acknowledges that it must make changes to the Circulator to make it financially sustainable, and thanks the President for introducing this bill to address this issue head-on. The City funds the Circulator with the

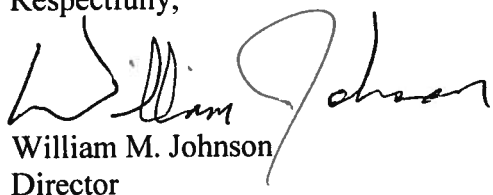
parking tax (\$6.7 million in FY15), State grant support (\$2.4 million in FY15), and to some extent, Federal grant money (\$233,976 in FY15). While ridership of the Circulator has increased significantly since the program's inception in 2010, operating revenues have not kept pace with service costs, resulting in a cumulative operating deficit of \$11.6 million at the end of Fiscal Year 2014. Based on a 10-year projection, the annual operating deficit is expected to grow on average to \$3.5 million per year (or \$35.1 million over 10 years), to a total cumulative deficit of \$46.8 million by the end of Fiscal Year 2024. An additional \$26.3 million in capital expenses is projected over this time frame, based on regular contributions towards bus replacement. Accounting for all capital and operating costs, the service is faced with a projected \$73.2 million gap by Fiscal 2024.

To eliminate the projected deficit and ensure long-term sustainability of operations, The Finance Department has recommended a combination of revenue enhancements and savings options. Additionally, DOT is studying many combinations of options including those in Finance's report, and plans to complete the study later this month.

Concurrently with conducting this study, DOT is in the process of drafting the scope of work for a new Request For Proposals (RFP) for Circulator operations. The City first undertook a competitive bidding process for the Circulator in June 2008, in which it solicited proposals from transit firms or teams of firms to plan and operate a City-sponsored shuttle system. On October 15, 2008, the Board of Estimates (BOE) approved an award to Veolia Transportation Services, Inc. to provide transit/shuttle services for the Downtown Circulator Project. Veolia is a French company that manages energy and transportation systems on behalf of many localities across the United States. The City entered into a formal agreement with Veolia on February 1, 2009. DOT will soon be requesting that the BOE approve the exercise of one of the two one-year renewal options available on this contract, so that services may continue during the preparation of the new RFP. Similarly, the new RFP will seek proposals from transportation firms or teams of firms to plan and operate the existing circulator transit service in and around the downtown and waterfront communities of Baltimore City, prioritizing: fast, frequent, reliable, easy to use service that is a viable alternative to automobile use; service that continues to link quality destinations and parking facilities; service that continues to meet the needs of its diverse ridership; and service that is both environmentally and financially sustainable. DOT regrettably cannot report in more detail on this RFP because it must protect the integrity of the procurement process; however, we are welcome to receiving recommendations for inclusions. DOT plans to work with the Bureau of Purchases to issue the RFP within the next six months.

As DOT, in cooperation with the Finance Department, moves forward with recommending modifications to the Circulator system to ensure its sustainability into the future, we will continue to keep the Council engaged. Thank you for this opportunity to comment.

Respectfully,



William M. Johnson
Director

WMJ/BZ

Cc: Angela Gibson, Mayor's Legislative Liaison
Andrew Kleine, Budget Director, Department of Finance
Veronica McBeth, Transit Bureau Chief, DOT