

Fare Policy Continued Discussion

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Fare Adjustment Recap

- October 1st, 2017 - Fare increase goes into effect
- Continued analysis of:
 - Sustainable funding structure
 - Growing ridership while equalizing subsidies across modes
 - Mitigating disproportionate impacts on people of color, low income, youth and seniors, and persons with disabilities
 - Looking at distance-based and reverse commute fares



2018

- Nelson/Nygaard hired to help with information gathering
- Final report received in late summer

Peer Fare Study

Interviewed Six Agencies:

- Dallas, TX (DART)
- Denver, CO (RTD)
- Seattle, WA (King County)
- Pittsburgh, PA (Port Authority)
- Portland, OR (TriMet)
- San Diego, CA (MTS)



Areas of Interest:

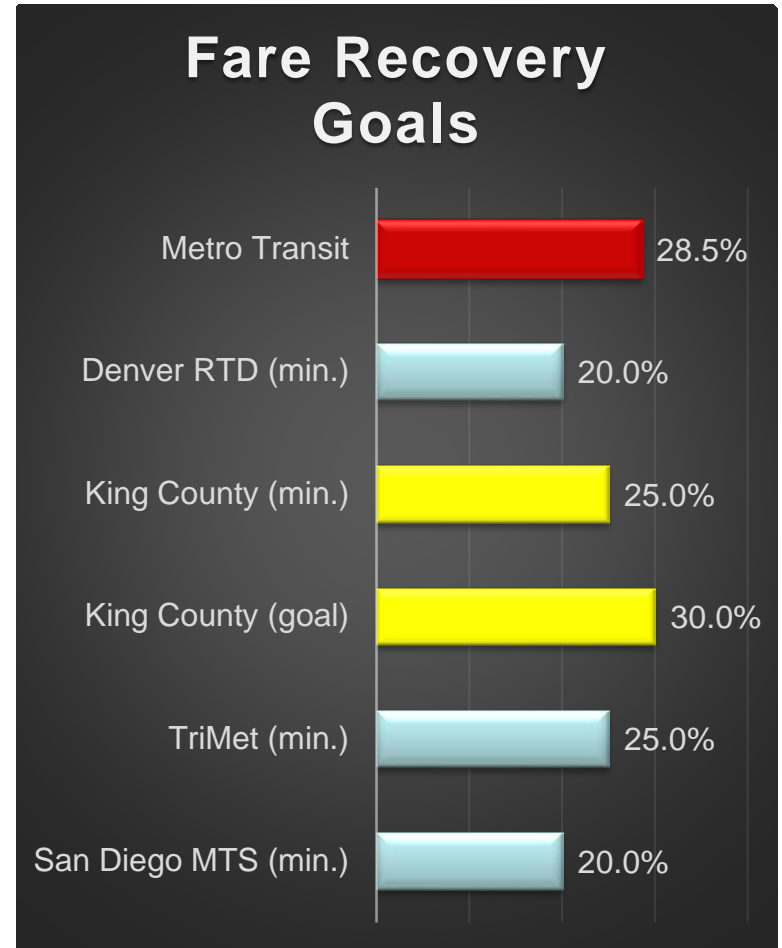
- ✓ Fare policy and fare recovery goals
- ✓ Fare change practices
- ✓ Pricing and ridership
- ✓ Equity and impacts of fare policy
- ✓ Cash and fare media usage
- ✓ Low-income fare programs
- ✓ Distance-based and reverse commute fares

Information on Comparison Agencies

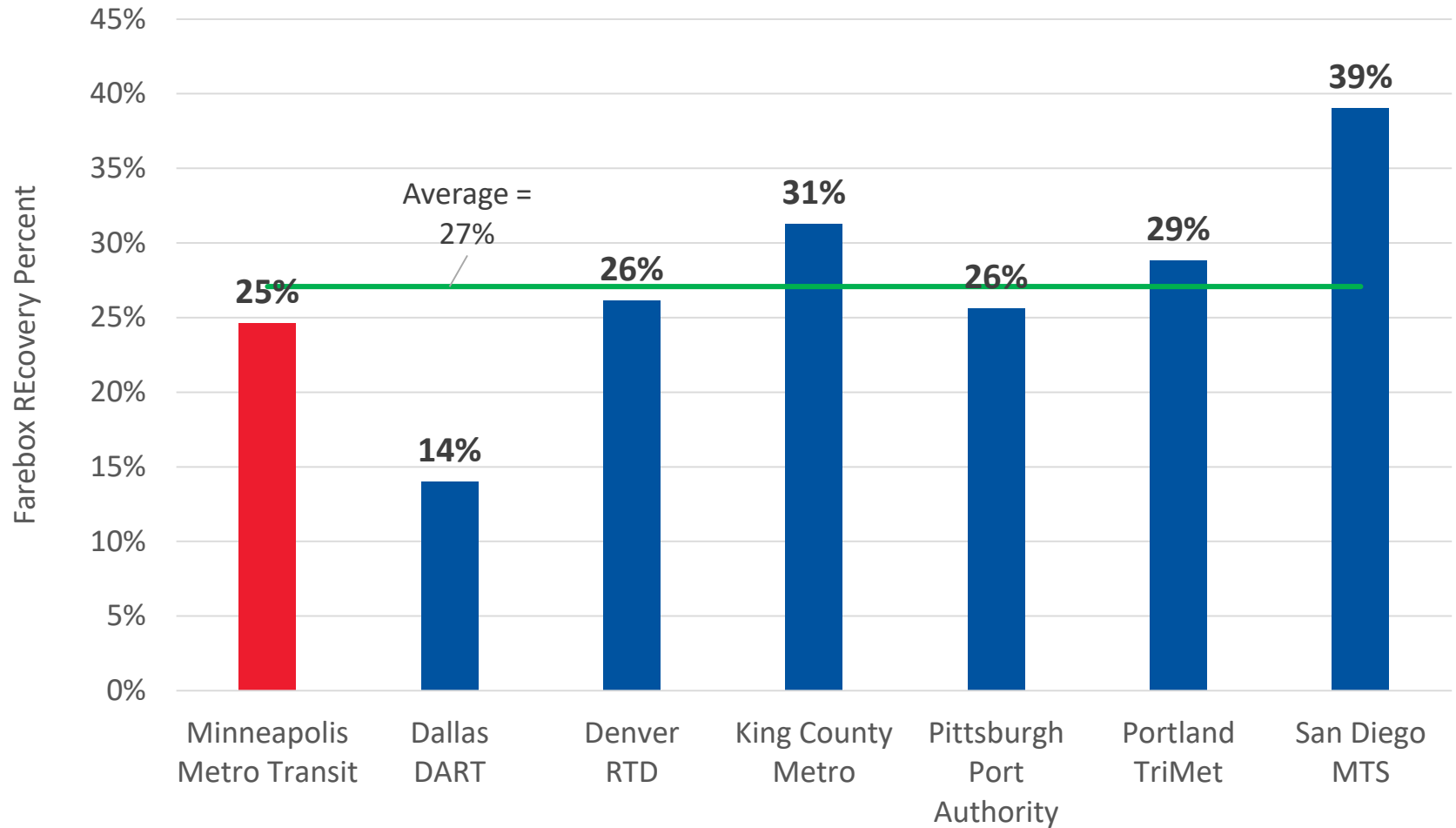
	Minneapolis, MN (Metro Transit)	Dallas, TX (DART)	Denver, CO (RTD)	Seattle, WA (King County Metro)	Pittsburgh, PA (Port Authority)	Portland, OR (TriMet)	San Diego, CA (MTS)
Service Area Population	1,800,000	2,400,000	2,900,000	2,100,000	1,400,000	1,600,000	2,500,000
Service Area (mi ²)	653	698	2,342	2,134	775	534	720
Average Weekday Ridership	267,000	234,000	330,000	401,000	215,000	312,000	314,000
Regular* Smartcard Fare	\$2.50 rush \$2.00 non-rush	\$2.50	\$2.35	\$2.75	\$2.50	\$2.50	\$2.25-\$2.50
Cash Surcharge	No	Yes, \$2 for day pass	Yes, \$0.25 for single-ride	No	Yes, \$0.25 for single-ride	No	No
Low-Income Fare	Yes, \$1.00	Discounted monthly passes	No	Yes, \$1.50	No	Yes, \$1.25	No
Distance or Zone-based Fare Structure	Yes, Commuter Rail	Yes, Regional/Commuter Rail	Yes, Regional and Rail Zones	No	No	No	Yes, Premium and Rural
Peak Surcharge	Yes	Yes, for AM or PM passes	No	No	No	No	No

Summary of Fare Policy and Recovery Goals

Agency	Agency Revenue Goals	Farebox Recovery Goals	Farebox Recovery Goal Details
Minneapolis Metro Transit		Yes, but not written into policy	28.5% Bus Farebox
Dallas DART	X	No	Use subsidy per passenger goal to help balance budget
Denver RTD	X	Yes	Min. 20%. Does not differ between modes
King County Metro	X	Yes	Min. 25%, Goal 30%
Pittsburgh Port Authority		No	
Portland TriMet	X	Yes, but not written into policy	Min. 25%
San Diego MTS		Yes	Min. 20% as mandated by state legislation, but new goals set annually



Farebox Recovery Ratio (NTD, 2016)



Fare Policy and Recovery

- DART (Dallas)
 - No stated farebox recovery goals but budget must be balanced
 - 20-year plan calls for 17% revenue increase every five years
- Denver RTD
 - 10% fare revenue increases every three years
- King County (Seattle)
 - Policy goals include being easy to understand, reducing costs through technology, enabling all people to use public transportation
- Pittsburgh Port Authority
 - No stated farebox recovery goals, though working towards one
- Portland TriMet
 - Customer experience – Improve system through electronic fare collection and emerging technologies (including simplicity)
- San Diego MTS
 - Fare structure equitable “to the majority of patrons”

Fare Change Practices

- All agencies maintain some flexibility in implementing fare adjustments or increases
- All agencies have similar process for proposal development, board action, public involvement
- Similarity among agencies in reviewing fare structure, goals, prices, etc. at regular intervals as part of annual budget process
- Movement towards fare simplification with recent fare changes

Peer Fare Simplification Efforts

Agency	Year	Previous Fare Structure	New Fare Structure	Fare Change Goals
Dallas DART	2012 & 2018	Four service level-based fares	Three service level-based fares	<ul style="list-style-type: none"> ▪ Increase revenue to support service changes ▪ Simply fare structure ▪ Provide riders with options for their needs
Denver RTD	2015	Service Type (local, regional, express, airport)	Limited Service Type (local, regional, and airport)	<ul style="list-style-type: none"> ▪ Eliminate express service routes ▪ Next simplification will reduce time increment passes available (3 hour, daily, monthly, and 10 ride)
King County Metro	2018	Zone Fares and Time of Day Fares	No zones, flat fare	<ul style="list-style-type: none"> ▪ Improve operator understanding and experience
Pittsburgh Port Authority	2017	Zone Fares	No zones, flat fare	<ul style="list-style-type: none"> ▪ Increase user ease and understanding
Portland TriMet	2012	Zone Fares	No zones, flat fare	<ul style="list-style-type: none"> ▪ Ease of use for operators and riders ▪ Optimize system for electronic fare collection
San Diego MTS	Proposed fare change in progress (most recent change in 2009)	Service Type (regional, rapid express/premium, coaster)	Limited pass types, fare capping	<ul style="list-style-type: none"> ▪ Lower capital costs through fare simplification ▪ Improve customer experience

Region Fare Payment Data (2016)

	Off-Peak Local	Peak Local	Off-Peak Express	Peak Express
Ride by Fareset	52%	33%	2%	13%

- **Peak Express Fares**
 - Only 3% pay full cash fare
 - Most other fares are discounted
 - 59% use Metropass
 - 19% use Go-To Stored value
- **Peak Local Fares**
 - 10% pay full cash fare
 - 13% use stored value
 - 36% paying with some type of pass

Pricing and Ridership Findings

- Peer agencies struggle with linking fare changes to ridership impacts
- Ridership impacts not a primary concern with changes/adjustments
 - DART – Focused on stabilizing ridership “while not sacrificing too much revenue”
 - Denver RTD – Did not measure ridership impacts directly tied to recent fare simplification
 - ✓ Fare revenues are exceeding expectation w/lower ridership
 - King County – Increases motivated by macroeconomic forces such as wages, inflation, gas prices, so ridership is not a primary concern
 - Portland TriMet – Weren’t concerned with ridership impacts of recent simplification efforts

Cash and Fare Media

- DART – Launching smartcard-based fare payment system soon
 - Mobile and card-based payments are eligible for fare capping
- Denver RTD – “Discounts” for card-based payments (\$0.25 for full fare, \$0.15 for discounted)
- King Count – Free transfers w/card-based payments between regional partners
 - Estimated \$120M cost for next-generation fare payment system
- Pittsburgh - \$0.25 discount, \$1 transfers w/card payment
 - No free/discounted transfers w/cash payments
- TriMet – Fare capping with HOP Fastpass
- San Diego MTS - \$2 discount (\$5 vs \$7) for day pass purchase on CompassCard

Equity and Fare Policy

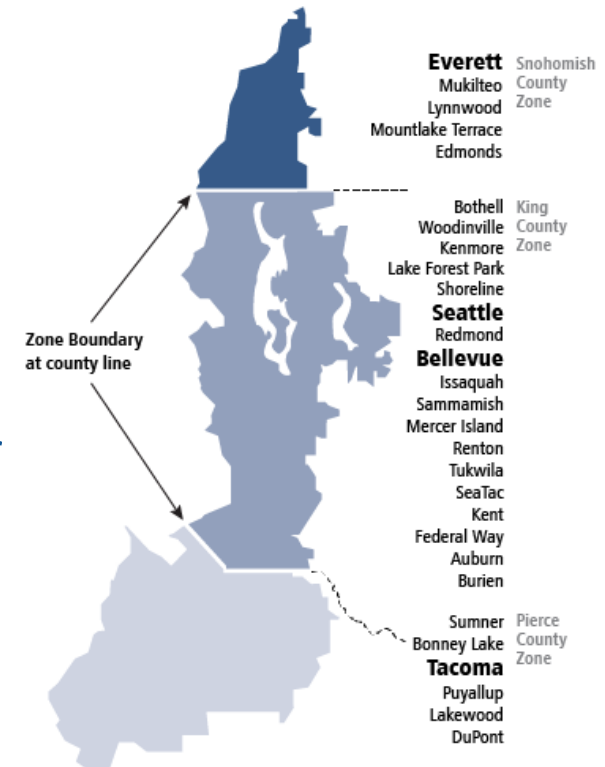
- DART – High population of low-income and minority riders
 - Analyze fare product usage by low-income customers and adjust accordingly
- TriMet – Equity impacted numerous recent fare policy decisions
 - Went away from charging for Hop Fastpass cards and free transfers w/card usage based on ridership analysis
- DART, King County, TriMet and RTD have implemented programs similar to TAP of selling discounted fares directly to low-income riders.

Low Income Discounted Fare Programs

Transit Agency	Low income Program	Fare Products	Fare Media	Discount	Enrollment and Income Verification	Income Requirements
Metro Transit	Transportation Assistance Program (TAP)	Cash fare, Stored value	Go-To smartcard	50-70% varies by rush/non-rush, local/express service	Partner Organizations	50% of Area Median Income/185% Federal Poverty Level
DART	Lone Star Monthly Pass	Monthly Pass	Magnetic swipe card	50%	State agencies	State guidelines
King County Metro	ORCA LIFT	Cash fare, Stored value	ORCA smartcard	50%	Agency and Partner Organizations	200% Federal Poverty Level
TriMet	Reduced fare for low-income riders	Single ride, day pass, monthly pass	Hop smartcard	50% for single ride or day pass 72% for monthly pass	Partner Organizations	200% Federal Poverty Level

Distance and Direction-Based Fares

- Three of six agencies use some form of distance-based fares
 - The remaining three have moved away from the approach only recently
- DART – Limited to regional commuter rail trips
- Denver RTD – “Level of Service” and zone-based fares on bus and rail
 - Confusing system where some local routes are longer than regional routes
- Sound Transit (King County) – Light and commuter rail, and commuter bus services
 - Requires tap on/tap off fare payment w/card
 - Creates confusion and complexity for customers and operators
- Steps to simplify implemented in 2018, 2020



Distance and Direction-Based Fares Considerations

1. Hardware and software upgrade, including Go-To card and farebox
2. Possibly changing customer, operator behaviors
3. Fare policy conversations around distance categories and corresponding fares, including pass prices such as Metropass
4. Review of park-and-ride capacity and other factors



Reverse Commute Fares

- Uncommon among peer agencies interviewed
- One example identified was Roseville Transit (Sacramento)
 - \$4.50 full-fare, \$3.25 reduced-fare in-bound trip cost
 - \$3.25 for out-bound trips, all rider types



Staff Recommendations

1. Fare recovery and fare policy become part of annual operating budget discussion
2. Council establishes a fare recovery level trigger that starts a formalized fare adjustment conversation
3. Continue to work on securing a more reliable funding source for current and future operations
4. Increase fares consistently across all modes and categories while considering ridership and other forces at play
5. Continue to grow TAP program to serve low-income customers
6. Increase awareness to Limited Mobility and other discounted transit products
7. Consider small simplification efforts with future fare adjustments

Next Steps

- Discuss information and recommendations with Committee of the Whole (October 3rd)
- Review recommendations and opportunities for policy adjustments