

STAFF REPORT

SUBJECT: Proposed Fare Policy Changes

FROM: Tony McCaulay, Director of Planning and Marketing
Cyrus Sheik, Senior Transit Planner

DATE: June 25, 2018

Action Requested

Staff recommends the Projects and Services Committee forward the proposed fare policy changes to the Board of Directors for consideration, and recommends that the Board open a public comment and review period and direct staff to hold three public hearings, one each in Dublin, Pleasanton and Livermore in September 2018. After consideration of public input, a final staff recommendation will be brought to the Board of Directors in October with an anticipated implementation date of January 1, 2019.

Background

In 2016, LAVTA launched a Fare Study, conducted by Nelson\Nygaard Consulting Associates Inc. The fare study included an analysis of agency trends, a snapshot of the current fare breakdown, an examination of potential fare policy adjustments and associated ridership/revenue impacts, and a package of recommendations. Also in the review was a comparison with other Bay Area transit properties of similar size and operating conditions.

The study findings were presented to the Projects and Services Committee and the Finance and Administration Committee in May 2017 as an informational item. At that time, the committees expressed a desire to not make any changes and to instead revisit the fare policies at a later date.

Following this, Staff asked the Consultant to update the fare study with one additional scenario compared with the original report. In addition, new fareboxes are being deployed fleet-wide in the LAVTA system, which bring additional functionality enabling new fare options that weren't previously feasible, and which may help mitigate the impact of changes in fare rules.

Discussion

The Fare Study used the following goals as key factors in the development of fare structure scenarios, which were then modeled for ridership and financial impact:

- Reviewing current fare pricing for different fare categories
- Determining distribution of ridership and utilization by fare category
- Aligning fare policies with Clipper's fare policy

- Studying current pass programs and evaluating pass and transfer policies, including inter-operator transfers

Following the Consultant’s analysis, Staff reviewed the scenarios (some of which are combinable and some of which are mutually exclusive) with an eye toward the following objectives:

- Maximizing revenue without incurring a substantial loss in ridership
- Having a simple fare structure that easy for customers to understand
- Having fare policies and instruments that are consistent with a safe and timely bus operation

Based on the above and on the analysis from the Fare Study, Staff is proposing the following fare modifications:

Eliminate transfers and replace with day pass. Currently, upon depositing payment, LAVTA passengers receive a 2-hour window of unlimited boardings at no extra charge. This is primarily intended for transferring from one route to another, but may also be used for short roundtrip or trip-chaining purposes within the allotted time window.

The day pass is already available as a fare payment option for passengers using the Clipper Card and is priced at \$3.75 (\$1.75 senior/disabled/Medicare), which is less than the cost of two cash fares. Further, it applies automatically with the second boarding of the day and caps the daily fare at this amount. Staff’s proposal would expand the access to the day pass, making it available for cash purchase at the farebox upon boarding, by issuing a magnetic-stripe card as fare medium for this purpose.

It is proposed that the current free two-hour transfer be discontinued and that the current Clipper day pass option priced at \$3.75 (\$1.75 senior/disabled/Medicare) be extended to also be available with a cash purchase onboard at the farebox.

Eliminate 10-ride tickets and replace with a Youth Clipper Card fare at the same rate. Currently, LAVTA sells its FareBuster-branded tickets in paper sheets of 10 tickets for \$16.00 for Adults and Youth. This fare type is popular with parents of students who ride to school because they can dispense them to their children on a day-to-day basis.

These tickets, however, cannot be accepted by the new fareboxes that the agency is deploying fleet-wide. As an interim solution, FareBuster tickets are collected manually into a pouch by the bus driver, who then turns it in at the end of the shift. This procedure is not ideal from a loss prevention and fraud perspective and needs to be discontinued.

Given this, it is proposed to discontinue the 10-ride FareBuster paper ticket and replace it with a \$1.60 (value equivalent to each individual FareBuster ticket) youth fare. This discounted fare would be available only on Clipper, and the youth fare discount would not apply to any other fare category, such as cash, the day pass cap or the monthly pass. Youth Clipper Cards are

available free of charge. During the Fall 2018 semester, LAVTA staff would work closely with area schools to assist students in the transition from Farebusters to Clipper Cards.

LAVTA also currently sells 10-ride tickets for Senior/Disabled/Medicare riders for \$10.00, which provides no discount compared to cash fare. It is proposed to discontinue selling these 10-ride tickets and encourage the transition to Clipper Card. Senior/Disabled Clipper Cards offer the incentive of the discounted Day pass when two or more rides are taken in a day.

If this proposal is approved, 10-ride tickets would no longer be sold beginning December 31, 2018. Staff proposes that 10-ride tickets continue to be accepted through December 2020 to allow riders the opportunity to use previously purchased tickets. An education campaign would be implemented to remind passengers to use their remaining inventory.

Raise monthly senior/disabled pass price to 50% of the full-fare monthly pass. The monthly pass provides for unlimited rides on the buses of LAVTA and three of the other small East Bay-based operators of County Connection, WestCat, and Tri-Delta Transit. It is available as a flash pass by calendar month, as well as on the Clipper card for a rolling 31-day period that starts with the day of the first boarding.

Currently, the price for an unlimited-ride monthly regular Adult/Youth monthly pass is \$60.00, while the price for a Senior/Disabled/Medicare monthly pass is \$18.00 – a 70% discount over the regular price. This differs from LAVTA’s other fare options, where the Senior/Disabled/Medicare discount is 50%.

In order to bring the pricing of the Senior/Disabled/Medicare monthly pass in line with the agency’s other fare types (and common industry practice), it is proposed to gradually raise the price of the Senior/Disabled/Medicare monthly pass to 50% of the regular Adult/Youth pass. Recognizing that implementing this increase all at once would represent a significant increase and that many of the riders in this category are on fixed, limited incomes, it is proposed that this modification be implemented in annual steps as follows:

- Current - \$18.00
- Proposed January 1, 2019- \$22.00
- Proposed January 1, 2020 - \$26.00
- Proposed January 1, 2021 - \$30.00

Raise the paratransit fare to be double that of the fixed-route fare. Due to its nature of on-demand, curb-to-curb service, the LAVTA paratransit service is expensive to provide. Whereas the average subsidy in FY2017 per fixed-route passenger was \$7.66, the corresponding number for paratransit was \$27.40. The current fare the LAVTA paratransit service is \$3.50.

As a recipient of Federal funds, LAVTA cannot impose an unlimited charge on its paratransit riders; the Federal rules allow a charge of up to double the amount of the full fixed-route fare. Based on the agency’s current full fare of \$2.00 for fixed route, the paratransit fare cap would be \$4.00.

Given the high cost of providing the paratransit service, and to encourage the use of fixed routes, it is proposed that the paratransit fare be raised to \$4.00. Recognizing that many of the riders in this category are on fixed, limited incomes, it is proposed that this increase be implemented in two steps:

- Current - \$3.50
- Proposed January 1, 2019 - \$3.75
- Proposed January 1, 2020 - \$4.00

The table below summarizes the results from the modeling in terms of impact to revenue and ridership of the staff recommended fare policy modifications.

Staff Recommendation Annual Ridership and Revenue Impacts

	Change in Annual Ridership	Ridership Percent Change	Change in Annual Revenue	Revenue Percent Change
Eliminate Transfers and Add Day Pass (\$3.75)	-22,100	-1.3%	\$315,800	15.7%
Eliminate FareBuster Tickets and Add Day Pass	-21,300	-1.3%	\$62,700	3.1%
Modify Senior/Disabled Monthly Pass Price (\$20)	-2,300	-0.1%	\$4,300	0.2%
Modify Senior/Disabled Monthly Pass Price (\$25)	-7,900	-0.5%	\$14,000	0.7%
Modify Senior/Disabled Monthly Pass Price (\$30)	-13,600	-0.8%	\$22,000	1.1%
Paratransit Fare (\$4.00)	-1,200	-2.3%	\$27,100	11.7%
Year one impact: Eliminate Transfers, Add Day Pass (\$3.75/\$1.75), Eliminate FareBuster Tickets (except Youth), Modify Senior/Disabled Monthly Pass Price (\$22)	-51,000	-3.1%	\$280,200	14.0%
Full implementation impact: Eliminate Transfers, Add Day Pass (\$3.75/\$1.75), Eliminate FareBuster Tickets (except Youth), Modify Senior/Disabled Monthly Pass Price (\$30)	-60,000	-3.6%	\$293,900	14.6%

Note: In FY16, Wheels annual fixed-route ridership was 1,648,604, and passenger fare revenue was \$2,007,023.

Next Steps

During the public comment and review period, LAVTA Staff will publish a notice regarding the nature of the proposed changes and the public comment process in the following publications: The Pleasanton Weekly and The Independent.

Staff will also solicit passenger input via the following channels: a press release, signage on all buses and posts on the wheelsbus.com website.

Recommendation

Staff recommends the Projects and Services Committee forward the proposed fare policy changes to the Board for consideration, and recommends that the Board open the public comment period and direct staff to hold three public hearings, one each in Dublin, Pleasanton and Livermore in September 2018.

Attachments:

1. Current and Proposed Fares
2. LAVTA Fare Study