SUBJECT: Workshop on Fare Policy

RECOMMENDED ACTIONS: □ Briefing Item □ Recommended Motion

1. Refer the Fare Policy, Fare Structure, and Fare Level Items Listed Below for Public Input and Future Public Hearing,
2. Approve the Schedule for Board Consideration Below.

Fare Policy items Recommended for Referral for Public Input:
1. Adoption of a District Fare Policy
2. Proposed Goals for the Fare Policy
3. Implementation Principles for the Fare Policy
4. Proposed Fare Structure (i.e. the pricing and discount relationship among the various types of fares and passes)
5. Raising the adult local fare to $2.10 as of July 1, 2011 and adjusting other fares in the manner recommended in this memo
6. Adopting the proposed 10-year cycle of scheduled fare increases
7. Initiating a pass price transition process to gradually increase youth and senior/disabled passes to the recommended level
8. Options for transfer policy discussed in the report
9. Implementation of a 7-Day Pass
10. Monthly Passes—Choose between calendar monthly pass or 31-day pass

Budgetary/Fiscal Impact:

Potential revenue increases of $2 to $6 million in FY 11/12, depending on the structure and timing adopted. Regularly scheduled fare increases on a 2-year/3-year cycle and a gradual increase in the discounted pass fares over four fare change cycles results in between $2 to $5 million increase in fare revenues for each 2-year/3-year cycle.

Background/Discussion:

Fare-based revenue—revenue from fares, transfers, and passes—covers less than 20% of AC Transit's operating costs, and none of the District's capital costs. Nonetheless, fare-based revenue is one of the few revenue sources over which the District has direct influence. The fare structure also has significant impact on the extent and manner of passenger use of the system. For these reasons, fares remain a critical topic for AC Transit.
The Board authorized staff to begin developing a District fare policy and fare structure in December 2009. In July 2010 staff presented Fare Policy Goals and Objectives to the Board as a framework for discussion and evaluation. In August, 2010, staff provided information to the Board on other transit systems’ fare structures.

This workshop is designed to summarize staff’s research and analysis on fare policy, fare structure and fare levels, including recommendations, for the Board’s discussion. This includes the recommendation for the Board to select fare policy and fare structure options for public input.

**Schedule for Future Board Action**
Staff recommends the following schedule for future Board consideration and action:

- January-February 2011— Public input gathered on possible fare policies, fare structure, and fare levels
- February 23, 2011 meeting — Staff presents revised recommendations to the Board about the specific items to be considered at a Public Hearing based on public input received; Board sets Public Hearing on fare policy and proposed fare structure
- March 23, 2011 — Board holds Public Hearing on fare policy and proposed fare structure
- April 2011— Board considers and adopts a fare policy and fare structure
- July 2011— Implement initial round of fare changes

**Rationale for Formulating a District Fare Policy**

This issue and historical perspective on a Fare Policy was discussed in detail in GM Memo 10-167 dated July 14, 2010. As noted then, AC Transit’s fare and pass price structure has been developed on an ad hoc, as-needed basis. As such, it has been inconsistent and not integrated with any structured plan.

The process of raising fares has been unpredictable, episodic, and anxiety-provoking, especially for the riding public. Each fare increase is decried by some as a surprising imposition, despite the District’s steadily rising costs. The proposed fare policy seeks to create an orderly, transparent, and rational process for regularly scheduled increases that provides stability for both patrons and the District’s budget process.

The fare policy has been developed to meet the following objectives:

1) Articulate Goals for fare structures,
2) Establish a regular schedule for fare changes/increases,
3) Formulate key principles for fare-setting (the “Implementation Principles”)
4) Propose approaches to changing fare and pass price levels
5) Present options for types of potential fare media
Goals for the District’s Fare Policy

Five overarching goals have guided staff’s analysis of fare policies, fare structure, and fare levels. These goals are largely the same as those that the Board accepted for discussion on July 14, 2010. Objectives under each Goal were also included in GM Memo 10-167.

The Goals are:

Goal 1—Simplicity: Fares and the fare structure should be easy to use for passengers, easy to operate for the District.

Goal 2—Appropriateness: Fares and the fare structure should be felt by most passengers to provide a good value for their dollar.

Goal 3—Equity: Fares and the fare structure should be fair for all passengers.

Goal 4—Transparency: Fares and the fare structure should result in predictable costs and cost increase for passengers; and predictable revenue increases for the District.

Goal 5—Policy Supportiveness—Fares and the fare structure should be supportive of other District goals—service, land use, and social goals—and compliant with regulatory mandates.

The main change between these goals and those adopted by the Board is the addition of the “regulatory mandates” phrase in Goal 5. Staff felt it was important to recognize that some fare decisions are constrained by regulatory requirements from federal or other agencies. For example, the Federal Transit Administration (FTA) requires that senior and disabled cash fares be no more than 50% of the base cash fare.

Implementation Principles for the District’s Fare Policy

The Implementation Principles proposed below provide a bridge between the broad goals above and the fare level and fare media specifics below. Each of the six Implementation Principles is designed to facilitate the implementation of one or more of the Goals.

Staff recommends that these Implementation Principles be referred for public input:

- Fare and pass prices should be set and maintained within a logical and coherent relationship to each other—Implements Goal 1 (simplicity), Goal 3 (equity), Goal 4 (transparency) and Goal 5 (policy supportiveness)

The recommended relationships, discussed below, are as follows:

1) Monthly Passes should be 36 times the relevant base (cash) fare
2) Transbay fares should be 2 times the local fare (cash and pass)
3) Discount fares (senior, disabled, and youth) should be 50% of the adult (cash or pass)
Where existing fare or pass prices diverge greatly from the recommended structure, they should be adjusted over a multi-year period to conform to the structure—Implements Goal 2 (appropriateness), Goal 3 (equity), and Goal 4 (transparency). See discussion under Fare levels below.

- Fare increases should be implemented on a previously set multi-year schedule—Implements Goal 2 (appropriateness) and Goal 4 (transparency)

- Cash fares should be set at levels that have easy coinage, centered around quarters and dimes—Implements Goal 1 (simplicity)

- AC Transit’s service design relies upon transferring, so fare instruments should accommodate transferring—Implements Goal 2 (appropriateness) and Goal 5 (policy supportiveness)

- There should be one discounted rate for all discount categories (youth, senior, and disabled)—Implements Goal 1 (simplicity), Goal 3 (equity), Goal 4 (transparency) and Goal 5 (policy supportiveness)

- If any fare level or pass price is held below the level indicated by the fare structure, specific funds for this subsidy should be obtained and identified in the budget—Implements Goal 4 (transparency) and Goal 5 (policy supportiveness).

**Fare Structure, Pass Prices, Fare Levels, Fare Media and Schedule of Fare Increases**

**Fare Structure**  
As previously stated, the proposed fare structure is based on four elements and is intended to make AC Transit’s fares more rational, more understandable, and ultimately fairer to all passengers:

a) The adult local cash fare (base)  
b) Monthly Passes at 36 times the relevant base (cash) fare  
c) Transbay fares at 2 times the local fare (cash and pass)  
d) Discount fares (senior, disabled, and youth) at 50% of the adult (cash or pass)

**Pass Prices**  
Pass prices are recommended to be set at 36 times the cash fare. This number was the median multiple among the transit systems reviewed and was often the discount multiplier for District passes over the past 30 years. Based on research from other properties, staff proposes that this relationship be held for adult, senior/disabled, and youth passes. Using a multiple of 36 times the fare sets a price that provides a small discount to commuters or middle/high school students, who are estimated to travel 20 days per month. Thus, there is a modest incentive to buy a pass, even if the passenger only intends to use the pass to commute back and forth to work or school.

FTA mandates that discount fares for seniors and disabled people be no more than 50% of the regular adult fare during peak hours. AC Transit, along with many other transit agencies,
set the senior/disabled fare at this level to include beyond peak times. FTA has no requirement that agencies establish a discounted youth cash fare. However, among other transit agencies that have a youth fare, the fare was most commonly the same discount fare as for seniors and disabled. Because the price of discounted passes is currently well below the proposed level, staff has developed a multi-year process to accommodate the change as a way to address anticipated passenger concerns.

**Fare Levels**
The fare policy study was initiated as a means of providing a logical philosophy for addressing the District’s fare structure and fare change procedures. However, given the District’s serious fiscal problems, and the fact that fares have not been increased since July 1, 2009 and the Youth, Senior and Disabled passes remain at deeply discounted levels, staff recommends that Year 1 of the 5 year cycle begin on July 1, 2011 resulting in a fare increase of the base fare to $2.10, 10 cents or 5% above the current level.

For the most part, AC Transit’s current fare levels follow, or are similar to, the proposed structure. The Transbay fare is twice the adult local fare. The discount local fares—senior, disabled, and youth—are half the local fare. The local Adult pass prices could be lowered somewhat to follow the proposed policy, which would provide some relief to families that may experience significant cost increases of youth passes. However, the current fiscal crises may require that adult pass prices remain the same until they are aligned with other pass categories. Transbay passes would rise approximately 10% from $132.50 to $144.

**Schedule for Fare Increases**
Maintaining the stability of the fare structure over time is also very important. Fare increases should occur at predictable intervals, to allow both the District and passengers to plan accordingly. BART implements regular fare increases once every two years. Fare increases should maintain the relationships among different fare types, so that the structure of fares remains understandable.

Staff proposes a ten year cycle of increases based on raising the base fare $0.25 every 5 years. Increases would occur in Year 1 ($0.10) for Years 1 and 2, and then again in Year 3 ($0.15) for Years 3, 4 and 5. This cycle would repeat itself again in the next four-year time frame. Such a schedule would bring greater predictability and clarity to a process that is now often murky and anxiety producing, for both passengers and the district. This ten year schedule would also be consistent with MTC’s long term transit budget analysis, and would allow AC Transit to more carefully plan for fare increases in its 10 year projections.

Staff recommends fare increases in a 2 year/3 year cycle; at the beginning of FY 2011-12 (July 2011), FY 2013-14, FY 2016-17, and FY 2018-19. If current low inflation levels continue, base fares are anticipated to be $2.10 in FY 2011, $2.25 in FY 2013, then $2.35 in FY 2016-17 and $2.50 in FY 2018-19. Higher rates of inflation may warrant greater increases. A change to the base fare would then trigger a similar change in Transbay fares and discount fares. Discount passes would be increased so that they reached their recommended levels in FY 2018.
Staff recommends adopting an open-ended structure where the 5 year cycle would repeat itself under the same guidelines until the Board decides to intervene. Of course, this does not bind any future Boards from intervening at any point during future years.

**Proposed Multi-year Transition for Senior, Disabled, and Youth Passes**
The pricing of discount passes – youth passes in particular – has been held below market value (when compared to both other transit agencies and the District’s current fare structure) for a number of years. The Youth pass, priced at $27.00 in 1999, was lowered to its current $15.00 in 2000 at an estimated additional cost to the District of $4 million per year. The current $15 price is the lowest monthly Youth pass of any major transit agency in the nation. The Senior/Disabled monthly pass was last increased in 2002 and costs an estimated $2 million per year when evaluated under the proposed fare structure.

The severity of the discount is also highlighted in these pass categories when compared to the proposed 36-ride base rate. The Youth $15 pass is currently discounted at a 15-ride rate instead of the proposed 36-ride rate, a discount of over 58%. The $20 Senior/Disabled pass is discounted at a 20-ride rate, more than a 44% discount over the proposed 36-ride rate.

Staff acknowledges that many issues and vested parties are involved in this matter. However, staff also recognizes that the current deep pricing discounts offered for these passes are unsustainable and corrective action should be undertaken. Staff recommends a gradual, multi-year increase in both pass categories that eventually aligns the pass price at the proposed 36-ride base discount rate. The recommendation is detailed in the Attachment.

**Defined Subsidies**
If fares or pass prices in any category are held below the recommended level, it should be treated as a subsidy for passengers using that fare instrument. The source of the subsidy—ideally an external funding source—should be identified so that it can be included in the annual budget and 10 year budget projections. This mechanism will allow the Board and the District to maintain substandard fare levels while acknowledging their fiscal impact on an annual or multi-year level.

**Fare Media Options**

**Transfers**
Transfer policies involve both fare levels and fare media, and are some of the more complex elements of the fare structure.

There are three basic questions regarding transfers between AC Transit buses that must be addressed in the fare policy. Staff recommends that the Board forward all of these issues for public input. Staff has specific recommendations at this time; for others staff suggests that the Board receive public input:
1. Should transfers be issued at all? If so, should they be available to all passengers or only to passengers using a Clipper card?
2. If transfers are issued, should there be a charge for the transfer?
3. What limits should there be on the use of the transfer? (number of rides, duration of the transfer time, direction of travel, or some combination of all)

AC Transit's current practice, as of March, 2010, is to issue transfers for a charge of $0.25. The transfers are valid for one connecting ride for 120 minutes (2 hours) after they are issued, with no restriction on the direction of travel. The transfer period was recently extended from 90 to 120 minutes to acknowledge the longer waits caused by service cuts and decreasing frequencies. Transfers from a Transbay bus to a local bus, which are a small percentage of transfers, are free.

1. Issuing Transfers—Some transit agencies issue transfers, some do not. Those that do not typically issue day passes instead (see discussion of fare media considered but rejected at the end of the report). However, AC Transit has historically issued transfers, and staff recommends that the District continue doing so. Route structures assume that passengers will transfer, so it is important that the fare structure reflect that. Survey data indicates that approximately 50% of passengers transfer one or more times on their trip.

An increasing number of transit agencies limit the transfer privilege to passengers using smart cards. MBTA in Boston, the New York City Transit Authority, and WAMTA in Washington, D.C. are among the agencies that have instituted this practice. Passengers paying with cash must pay a full fare on each additional vehicle they board. This practice encourages passengers to use smart cards, decreases fare collection time, reduces paper handling for the transit agency, and reduces the risk of fraudulent use of paper transfers. However, it increases the cost substantially for cash-paying customers who have difficulty obtaining a Clipper card, and poses a potential cost barrier to gaining new ridership. If AC Transit were to make this change, it would need to address that decision in the Equity Analysis of the fare policy based on the potential of disparate impacts associated with requiring Clipper use. Some agencies, such as Muni in San Francisco and TriMet in Portland continue to make transfers available to all passengers.

Staff recommends that the issue of whether to limit transfers to only the Clipper card be referred for public input.

2. Charging for Transfers—Most agencies that issue transfers do not charge for them. Transfers are free on Muni, TriMet, and King County Metro in Seattle, among other systems. A few systems, such as Big Blue Bus in Santa Monica/West LA, do charge for transfers. The free transfer policy reflects the idea that a single trip may require more than one vehicle, and extra fares should not be charged. Transfer charges have been called "Connection fare penalties."
It could be argued that transfer charges violate fare policy goals such as simplicity and equity among passengers.

However, AC Transit’s transfer charge of 25 cents currently generates approximately $1.1 million per year in revenue. If this charge were eliminated, this revenue would have to be made up, presumably through a fare increase. This would require an increase of approximately five cents on the base fare. Issuing free transfers could increase fraudulent use, although this would be mitigated if the free transfers were limited to Clipper cards.

Staff recommends that the issue as to whether to eliminate transfer charges be referred for public input. However, staff does not recommend eliminating the transfer charge at this time.

3. Amount of use from a transfer—A transfer is designed to allow a passenger to complete a single use of the system. A single use could be defined as a trip on no more than two or three buses. Approximately 88% of AC Transit passengers complete their trip with two or fewer buses.

Alternatively, a single use could be defined as the right to use the system for a set period of time, such as 90 minutes or 120 minutes. Some agencies define a single use as a trip in one general direction. However, AC Transit has not done this and it would be difficult to do so based on route designs and enforcement issues. It has always been hard to determine the “direction” of many trips, all the more so with the increasing prevalence of loop routes within the system.

Allowing more connections on a single transfer means less fare from the passenger to the District, as the passenger would have the ability to take more rides on a single fare. Increasing the time period for transfers may also mean less revenue by the passenger to the District, as it would allow some passengers to pay one fare for a round trip. The estimated revenue impact of allowing various numbers of rides and time periods is analyzed in the Attachment.

Staff recommends referring multi-use transferring for cash users for public input.

Seven day Pass
Most transit agencies offer payment options that are intermediate between a single fare and a monthly pass. Two common media are seven-day and multiple ride passes. AC Transit could offer these passes on the Clipper card. Books of ten tickets were previously sold but discontinued as part of the transition to magnetic-strip paper tickets.

Either instrument would be useful to intermittent riders, those whose travel patterns vary over the course of the month as well as low income individuals who find the upfront cost for a monthly pass too difficult. The seven day pass might also be useful for visitors and people with short-term work assignments. The ten ride pass would be more flexible than a seven day pass, because the latter would need to be used on seven consecutive days.
Staff recommends a 7 day pass instrument, priced at 10 times the cash fare. This would offer a significant discount to paying cash for each trip of the 7 days, yet retains the greatest discount for the higher cost monthly pass. This would cover typical weekly commuting costs, while also providing greater value for passengers using it more often during a week.

**Monthly Passes**

AC Transit passes had traditionally been valid for a calendar month—e.g. January 2011. The District transitioned to a magnetic pass in 2001 and, in order to maximize the new technology and offer customers added convenience and flexibility, changed from monthly passes to a 31-Day pass. The 31-day period can begin on any day of any month, not just the first of a specific month.

The calendar month system provides greater simplicity and legibility for passengers and drivers. The current 31-day pass provides greater flexibility for the passenger, allowing the patron to maximize their transit planning and, as a result, minimize their transit spending, while removing the restriction to an end/beginning of the month purchase timeframe. However, a 31-day pass requires the passenger to keep track of the specific date they bought the pass and began using it, and to know when it will expire. The District would not offer both types of passes. The fiscal effects of offering a monthly versus a 31 day pass are difficult to quantify. However, as a general economic principle, flexibility comes at a cost: the more flexible a pass, the more cost associated with it. Staff recommends that the Board seek public input on this decision.

**Fare Media Considered but not Recommended**

**Day Pass**

Many transit agencies issue a Day Pass that is good for unlimited rides on a single day (sometimes extended to 1:00 or 2:00 the next morning). The Day Pass will typically cost 2.5-4 times the cash fare. Among the California agencies issuing day passes are VTA in Santa Clara County, Metro in Los Angeles, and the Metropolitan Transportation System in San Diego. Day Passes are useful to passengers taking more than two trips on a single day, but who are not regular users of the system. Day passes can be useful to visitors—Muni markets a day pass priced for visitors who wish to ride the cable cars.

Staff feels that the Day Pass is largely redundant with transfers. Many agencies that issue day passes do not issue transfers. VTA, LA Metro, and MTS do not issue transfers—without a day pass each trip on each vehicle is a separate fare. This allows the transit agency to reduce the volume of fare media that they handle. Assuming that AC Transit retains a transfer, as outlined in the Implementation Principles, most passengers would be able to take their trips as cheaply or more cheaply by using the transfer. The visitor market here does not seem large enough to justify fare media targeted specifically towards it.

**Accumulator Pass:** The accumulator pass would be a way to buy a 31 day, (or monthly or any other timeframe) pass without paying for it all at once. In the accumulator concept, a passenger’s fares on their Clipper card would be recorded and cumulated. If the passenger
reached a set amount of payment (presumably 36 times the base fare) during the 31 days, the passenger would be able to ride free for the remaining days. In this way, regular patrons would be rewarded.

The concept is somewhat complex and has not been implemented by any American transit system, although VTA is planning to do so. Introducing a 7 Day Pass would allow passengers to buy a somewhat discounted fare instrument without paying a full month’s fare in advance. This type of pass also requires additional computer programming for Clipper to implement, and is not available at this time. For these reasons, staff does not recommend implementing this concept.

**Distance-based or Zone Fares:** Some bus transit systems (such as Golden Gate Transit) have distance-based or zoned fares, although they are more commonly found on commuter railroads. The fare to ride a bus across two or zones is higher than the fare within a single zone. AC Transit has a type of distance-based fare in the Transbay fare. Staff did not feel that such fares would be useful for East Bay only buses. Most passenger trips are relatively short. Creating fare zones would require drawing some arbitrary lines across a continuous urban area.

**Peak Period Fares:** Some transit agencies charge higher fares during the peak period than during off-peak hours. These fares help compensate for the higher costs of peak period operation. They encourage passengers to avoid crowded peak period buses, and travel off-peak when more space is available. In some cases, discount fares—e.g. senior and disabled—were limited to off-peak hours. However, most AC Transit lines do not have a sharply peaked pattern in their ridership. Peak period fares would make the fare structure more complex and less transparent, and could raise Title 6 issues.

**Outreach and Public Input Plan**
Following the Board workshop, staff will finalize online and printed material covering those aspects of the fare policy discussion that the Board has determined to warrant further consideration and public input.

Disseminating the material and seeking feedback will take the form of a Web article, press release, e-mailing to community groups and other stakeholders, e-News message, printed material on the buses and at the ticket office, discussions with the Accessibility Advisory Committee and the Transbay Taskforce, and other methods to be determined. Web-based, mail-based, and voicemail-based response opportunities will be provided.

Staff will review and consider the public input as it prepares the formal fare policy/fare change proposal for the Board’s consideration on February 23. Assuming the Board then decides to set a public hearing, the formal public comment period would run a minimum of 28 days leading up to and including the hearing.

**Attachments**
Changes to Transfer Rules Revenue/Cost Analysis
Prior Relevant Board Actions/Policies:

Approved by: Mary V. King, Interim General Manager
Lewis Clinton, Chief Financial Officer
Kathleen Kelly, Chief Operating Officer

Reviewed by: Cory LaVigne, Director of Service Development

Prepared by: Nathan Landau, Senior Transportation Planner
Dan Lillin, Treasury Manager
Tina Spencer, Director of Service Development
Victoria Wake, Marketing & Community Relations Manager

Date Prepared: January 4, 2011
### Pricing and Schedule for Proposed District Fare Structure

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<thead>
<tr>
<th></th>
<th>Current</th>
<th>Current with proposed structure</th>
<th>Revenues with proposed structure</th>
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<tr>
<td><strong>Cash Fares</strong></td>
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<tr>
<td>Local Adult</td>
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<td>Local Youth</td>
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<td>Local Sr/Dia</td>
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<td>Transbay</td>
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<td><strong>31-Day Pass Price</strong></td>
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<td>Local Adult</td>
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<td>$40,264,941</td>
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**Other Farebox Revenues**

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<tr>
<td>Transfers (on-board)</td>
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<td>10-rides:</td>
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<td>Youth/Sr/Dia:</td>
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<td>Transbay:</td>
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<td>1-ride/ vendor transfer sales</td>
<td>$830,000</td>
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**ECO passes**

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<tr>
<td>UCB Class Pass</td>
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<td>UCB B.ns</td>
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<td>Perella</td>
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<td>Mills</td>
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<td>Broadway Shuttle</td>
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<td>**Total FY 10/11 Farebox Budget:</td>
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**Estimated Revenue Change between current and proposed pass pricing**

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<th>Change</th>
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<tr>
<td>Local Adult 31-Day pass</td>
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<td>Transbay 31-Day pass</td>
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<td>Youth 31-Day pass</td>
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<td>Sr/Dia monthly pass</td>
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### Pricing and Schedule for Proposed District Fare Structure

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<th>Year</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
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<td>4.6%</td>
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<td>$6,091,600</td>
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<td>2016</td>
<td>$6,091,600</td>
<td>7.1%</td>
<td>2017</td>
<td>$6,091,600</td>
<td>7.1%</td>
</tr>
<tr>
<td>2015</td>
<td>$20.00</td>
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<td>2016</td>
<td>$3,827,665</td>
<td>3.3%</td>
<td>2017</td>
<td>$3,827,665</td>
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<td>2018</td>
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<tr>
<td>2016</td>
<td>$20.00</td>
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<td>2017</td>
<td>$2,661,516</td>
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<td>2018</td>
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<td>5.0%</td>
<td>2019</td>
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<tr>
<td>2017</td>
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<td>2019</td>
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<td>2020</td>
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<td>$47,208,607</td>
<td>$47,208,607</td>
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</table>

#### Avg Inc per year:

<table>
<thead>
<tr>
<th>Cash Fares</th>
<th>Local Adult 2.5%</th>
<th>Local Youth 2.5%</th>
<th>Local Sr/Dis 2.5%</th>
<th>Transbay 2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Day Pass Price</td>
<td>Local Adult 2.7%</td>
<td>Youth 16.7%</td>
<td>Sr/Dis 0.9%</td>
<td>Transbay 7.1%</td>
</tr>
<tr>
<td>CPI Increases (starting with $2.00 base fare)</td>
<td>2.00% $2.04</td>
<td>2.50% $2.05</td>
<td>3.00% $2.06</td>
<td>4.00% $2.08</td>
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<tr>
<td></td>
<td>2.10 $2.10</td>
<td>2.15 $2.15</td>
<td>2.12 $2.12</td>
<td>2.16 $2.16</td>
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<tr>
<td></td>
<td>2.25 $2.25</td>
<td>2.30 $2.30</td>
<td>2.23 $2.23</td>
<td>2.34 $2.34</td>
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<tr>
<td></td>
<td>2.40 $2.40</td>
<td>2.45 $2.45</td>
<td>2.42 $2.42</td>
<td>2.43 $2.43</td>
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GM Memo 11-002
Attachment
### Pricing and Schedule for Proposed District Fare Structure

<table>
<thead>
<tr>
<th>Year 6</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 7</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 8</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 9</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 10</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
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</thead>
<tbody>
<tr>
<td>$2.35</td>
<td>4.4%</td>
<td>$20,233,148</td>
<td>$2.35</td>
<td>4.4%</td>
<td>$20,233,148</td>
<td>$2.50</td>
<td>6.4%</td>
<td>$27,907,004</td>
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<td>6.4%</td>
<td>$27,907,004</td>
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<tr>
<td>$1.15</td>
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<td>4.5%</td>
<td>$4,271,251</td>
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<td>8.7%</td>
<td>$4,042,664</td>
<td>$1.25</td>
<td>8.7%</td>
<td>$4,042,664</td>
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<td>$4,042,664</td>
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<tr>
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<td>4.5%</td>
<td>$20,080</td>
<td>$1.15</td>
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<td>$20,080</td>
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<td>8.7%</td>
<td>$891,391</td>
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<td>8.7%</td>
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<td>8.7%</td>
<td>$891,391</td>
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<tr>
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<td>$4.70</td>
<td>4.4%</td>
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<td>6.4%</td>
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<td>$5.00</td>
<td>6.4%</td>
<td>$5,000</td>
<td>$5.00</td>
<td>6.4%</td>
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</table>

**Total** | **$51,625,148** | **$51,625,198** | **$67,624,083** | **$67,624,083** |

### Avg Inc per year:

**Cash Fares**
- Local Adult: 2.2%
- Local Youth: 2.3%
- Local Sr/Dis: 2.3%
- Transbay: 2.2%

**31-Day Pass Price**
- Local Adult: 2.2%
- Youth: 15.1%
- Sr/Dis: 16.1%
- Transbay: 2.2%

### Avg Inc per year:

**Cash Fares**
- Local Adult: 2.1%
- Local Youth: 2.9%
- Local Sr/Dis: 2.9%
- Transbay: 2.1%

**31-Day Pass Price**
- Local Adult: 2.1%
- Youth: 10.1%
- Sr/Dis: 10.1%
- Transbay: 2.1%
# Pricing and Schedule for Proposed District Fare Structure

<table>
<thead>
<tr>
<th>Year 11</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 12</th>
<th>Estimated Revenues</th>
<th>Year 13</th>
<th>% Inc</th>
<th>Estimated Revenues</th>
<th>Year 14</th>
<th>Estimated Revenues</th>
<th>Year 15</th>
<th>Estimated Revenues</th>
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<tbody>
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<td>$2.75</td>
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<tr>
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<td>$4,626,570</td>
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<td>3.8%</td>
<td>$5,014,077</td>
<td>$1.35</td>
<td>$5,014,077</td>
<td>$1.35</td>
<td>$5,014,077</td>
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<tr>
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<td>4.0%</td>
<td>$927,047</td>
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<td>3.8%</td>
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</tr>
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<td>$6,667,572</td>
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<td>$8,956,596</td>
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<td>3.8%</td>
<td>$9,301,081</td>
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<td>$48.80</td>
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</tr>
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</table>

**Average Inc per year:**

<table>
<thead>
<tr>
<th>Cash Fares</th>
<th>Local Adult</th>
<th>Local Youth</th>
<th>Local Sr/Dis</th>
<th>Transbay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Fares</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>31-Day Pass Price</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Adult</th>
<th>Youth</th>
<th>Sr/Dis</th>
<th>Transbay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Adult</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Local Youth</strong></td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Local Sr/Dis</strong></td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Transbay</strong></td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Avg Inc per year:</th>
<th>2.0%</th>
<th>2.0%</th>
<th>2.0%</th>
<th>2.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Fares</td>
<td>1.0%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>31-Day Pass Price</td>
<td>1.0%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Adult</th>
<th>Youth</th>
<th>Sr/Dis</th>
<th>Transbay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Adult</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Local Youth</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Local Sr/Dis</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Transbay</strong></td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
Fare Policy Study
2010

Kathleen Kelly
Nathan Landau
Cory LaVigne
Dan Lillin
Ken Rhodes
Tina Spencer
Victoria Wake
Why a Fare Policy Study?

- To create an orderly, transparent and rational process for regularly scheduled increases that provides stability for both patrons and the District.
- Former fare increases were ad hoc and did not adhere to any predictable policy.
Why a Fare Policy Study?

- Articulate goals for fare structures
- Establish a regular schedule for fare changes
- Formulate key principles for fare setting
- Propose approaches to changes in price levels
- Present options for types of new fare media
Fare Policy Goals

- Simplicity—easy to use for all
- Appropriateness—good value
- Equity—fair to all
- Transparency—predictable
- Policy Supportive—of other goals (service, land use and social goals) and regulatory mandates
Implementation
Principles

Fare and Pass Prices should be set and maintained within a logical relationship to one another

- Monthly passes should be 36 times the base (cash) fare
- Transbay fares should be twice the local fare
- Discount fares (senior/disabled/youth) should be 50% of the adult fare
Implementation
Principles

- When existing prices diverge greatly from recommended structure, they should be adjusted over a multi-year period.
- Fare increases should be implemented on a set multi-year schedule.
- Cash fares should be set at levels that have easy coinage, centered on quarters and dimes.
Implementation Principles

- Fare instruments should accommodate transferring
- There should be one discounted rate for all discount categories
- If any fare level is held below the level indicated by the fare structure, funds for this subsidy should be obtained and planned in the budget process
Schedule for Fare Increases

Schedule should maintain the relationships between fare types

- 10 year cycle of increases based on raising fare 25 cents every 5 years
- Increases would be 10 cents in year 1, then 15 cents in year 3, 10 cents in year 6, etc.
- Increases would begin in July 2011, if approved
Schedule for Fare Increases

Proposed Multi-Year Transition for Senior/Disabled and Youth Passes

- Youth pass increases to $20 in FY 11/12, $26.50 in FY 13/14 and $34.50 in FY 16/17 until it reaches alignment in FY 18/19.

- Senior/Disabled pass increases to $26.50 in FY 13/14 and $34.50 in FY 16/17, until it reaches alignment in FY 18/19.

- Adult pass could be lowered until FY 13/14 when it reaches alignment.
Public Outreach Process

- Onboard – Printed brochures and car card
- Web-based – Article, e-News, community emailing
- Media – Press release
- Meetings – Stakeholder meetings, community meeting (2/10)
- Input can be provided via e-mail, voicemail, in-person, US post
Outreach Schedule for Fare Change

- January-February 2011—Public Input gathered on policies, structure and fare levels
- Feb. 23, 2011: Staff presents revised recommendation to Board to set hearing
- March 23, 2011: Public hearing
- April 2011: Board adopts fare policy/structure
- July 2011: Implement first round of fare changes
Fare Media Options—Transfers

- Issuing Transfers or not
- Limit Transfers to Clipper Card
- Charging for Transfers
- Limits of Transfers (Time, Single Use, Directional)
Fare Media Options—
Passes

- 31 day versus Monthly Pass
- 7 day pass (priced at 10 times cash fare)
Media Considered but not recommended

- Day Pass—redundant with transfers given current equipment
- Accumulator Pass—not available on Clipper at this time
- Distance Based Fares—not effective for local service
- Peak Period Fares—more appropriate for a peaked ridership pattern