AC TRANSIT DISTRICT
Board of Directors
Executive Summary

GM Memo No. 04-242
Meeting Date: July 21, 2004

Committees:
Planning Committee ☐ Finance Committee ☒
External Affairs Committee ☐ Operations Committee ☐
Student Pass Committee ☐ Paratransit Committee ☐
Board of Directors ☐ Financing Corporation ☐

SUBJECT:
RECEIVE REPORT ON FAREBOX ELASTICITY

RECOMMENDED ACTION:
☐ Information Only ☒ Briefing Item ☐ Recommended Motion

Fiscal Impact:
N/A

Background/Discussion:
On June 2, 2004, the Board received GM-Memo No. 04-178 (revised) and engaged in a discussion with staff on fare elasticity. At this meeting the Board was presented with fare elasticity data and formulas, fare history dating back to the 1960’s and a listing of GM memos related to fare increases dating back to 1995. Staff presented the difficulty of calculating AC Transit fare elasticity due to the numerous variables included with

BOARD ACTION: Approved as Recommended [ ] Other [ ]
Approved with Modification(s) [ ]

[To be filled in by District Secretary after Board/Committee Meeting]

The above order was passed on __________________, 2004.

Rose Martinez, District Secretary
By _____________________________
The Board requested staff to continue to investigate the effect of recent fare changes on passenger volume and net fare revenue.

On June 10, 2004, Director Piras circulated an email citing an elasticity research document and partially quoting the summary section (Transit Price Elasticities and Cross-Elasticities by Todd Littman, Victoria Transportation Policy Institute, February 18, 2004). This document was presented to the Board, along with binders containing GM Memos pertaining to AC Transit ridership and fare changes referenced at the June 2, 2004 meeting.

Staff subsequently read and evaluated the entire research document and a PowerPoint presentation was made to Executive Staff recapping the paper (copy attached). In summary, the findings highlight that the commonly used elasticity values are based on studies between 10 – 40 years old and are inaccurate; no single transit elasticity value applies in all situations and that the many variables that affect ridership and fare revenues often make evaluating fare elasticities unrealistic. The conclusions of the research document are in line with staff’s earlier assessments and presentations regarding the difficulties of measuring AC Transit’s fare elasticity.

Prior Relevant Board Actions/Policies:
GM Memo No. 04-204 Receive Report on History of Farebox Elasticity, June 16, 2004
GM Memo No. 04-178(Revised), Report on History of Farebox Elasticity, June 2, 2004

Attachments:

Approved by: Rick Fernandez, General Manager
Prepared by: Deborah McClain, Chief Financial Officer
               Dan Lillin, Treasury Manager
Date Prepared: July 14, 2004