

Fare Restructuring

Service Council Meet & Confer
January 28, 2014



Metro

Issues

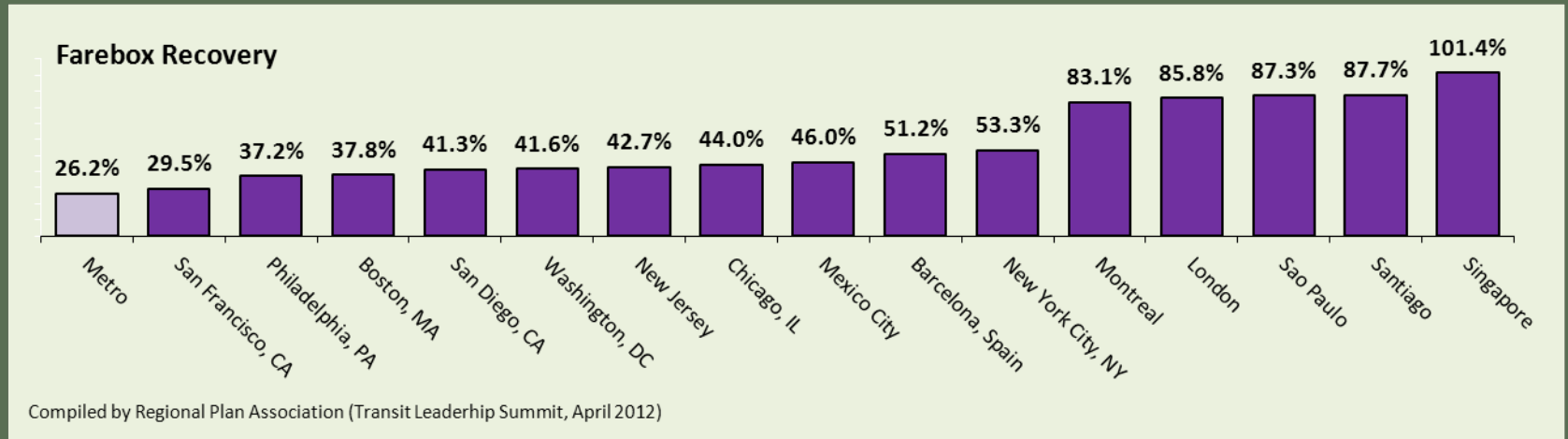
- Forecast deficit of \$36.8M in FY17, growing to \$225M in FY23
- Board adopted Long Range Transportation Plan in 2009, which assumes a 33% farebox recovery
 - ✓ Current farebox recovery is 26%
- Consumer Price Index has increased 46% over 18 years; average fares have only risen by 17%
- Current fare structure discourages optimal use of Metro's system

Ten-Year Forecast – Operating Deficit



(includes increase revenues from gate latching)

Farebox Recovery



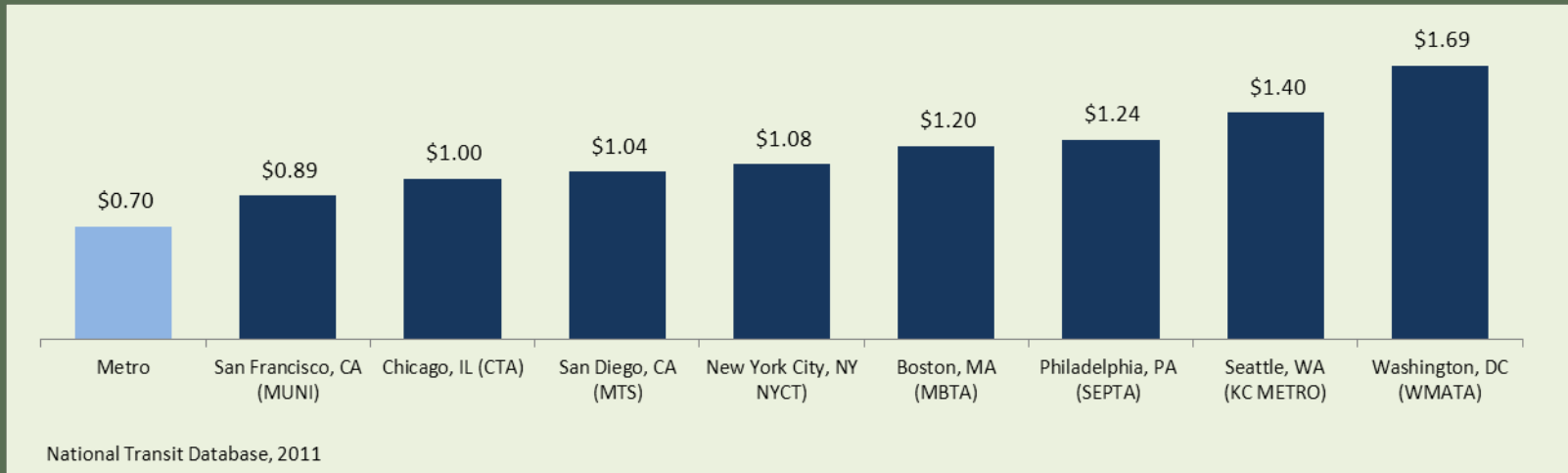
- At 26%, lowest farebox recovery of any major transit agency in the U.S. (and the world)
- FTA full funding grant agreements are based on **33%** farebox recovery
- As fares do not keep up with inflation, farebox recovery continues to drop

Base Fares



- Metro's fare is among the lowest of any major transit agency
- Fares for seniors, disabled and student riders are even lower
- Metro has only had three fare increases in the past 19 years

Fare per boarding



- Metro's fare per boarding: **70¢**
- Frequent riders fare per boarding: **67¢** (36% of passengers)
- Seniors/Disabled/Student fare per boarding: **24¢** (31% of passengers)

Problems with Current Fare Structure

- Current fare structure is not compatible with Metro's service
- Most passengers transfer at least once to reach their destination – and payment is required for each boarding
- Riders penalized and inconvenienced for transferring
- Encourages customers to take longer route to avoid transferring and paying another fare
- Discourages customers from using the system they funded
- Fails to capture the benefit of full service and fails to promote system connectivity
- Artificially drives up costs

Fare Proposals

	OPTION 1	OPTION 2
Base fare includes unlimited free transfers within 90 minutes	X	X
Fares for Express bus will be consolidated from two zones into one surcharge	X	X
Moves toward a consistent fare for Express/Silver Line	X	X
Multi-year fare restructuring program with gradual increases	X	X
Monthly passes will be consolidated with EZ Pass in Phase 2	X	X
Fares will be adjusted every two years based on CPI after Phase 3	X	X
Introduces reduced off-peak fares and higher peak fares		X

TITLE VI

- Neither option creates disparate impacts or disproportionate burdens on Metro's minority and low-income riders
- Full Title VI analysis will be provided at the Public Hearing

Public Outreach

- Metro Board approved a public hearing for **Saturday, March 29 at 9:30am at Metro Headquarters**
- Hearing notifications through:
 - Legal notices, on-board information, online and social media, news releases
- Proposal information
 - On-board information, online and social media, media and stakeholder briefings, Service Council fare forums

Next Steps

- Staff recommendations and summary of public hearing comments will be provided to Metro Board in May 2014
- If approved, proposed effective date is September 1, 2014