Fare Restructuring

Service Council Meet & Confer
January 28, 2014
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
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

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