



Date: September 28, 2007
Committee Meeting Date: N/A
Board Meeting Date: October 04, 2007
ACTION X DISCUSSION INFO

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors
THROUGH: Michael T. Burns
General Manager
FROM: Jerry G. Mikolajczyk
Chief Financial Officer
SUBJECT: Free Transportation for Youth Under 18

Policy-Related Action: Yes Government Code Section 84308 Applies: No

RECOMMENDATION:

Retain the resolution establishing rates and fares for VTA adopted by the Board of Directors on June 07, 2007 to enable staff to evaluate the impacts of the reduction in the price of Youth Monthly Passes.

BACKGROUND

At the June 7, 2007 meeting, the Board of Directors adopted a resolution which reduced fares for Youth and Senior/Disabled patrons as well as day pass fares for Adults. Youth Monthly Pass prices were reduced 18.4% from \$49.00 per month to \$40.00 per month effective September 2007.

At the June 21, 2007 Board of Directors meeting, Board Member Breene Kerr requested that staff provide an analysis of the cost and impact of conducting a pilot program for providing free transportation to all children under 18 years of age.

Children under the age of 5 currently ride free on VTA services. Reduced fares are charged for riders ages 5 through 17 as well as for riders ages 65 and older or disabled.

The VTA Fare Policy, adopted by the Board of Directors in December 2003, establishes that Youth Fares shall be 80-90% of Adult Fares. As adopted by the Board of Directors in June 2007, current VTA Fares are as follows:

Fare Type	Youth	Senior/ Disabled	Adult
Single Ride	\$1.50	\$0.75	\$1.75
Single Ride (Community Bus)	\$0.50	\$0.50	\$1.00
Light Rail Excursion Pass	\$3.00	\$1.50	\$3.50
Day Pass (valid on all Bus and Light Rail)	\$4.00	\$2.00	\$5.00
Day Pass Tokens (bag of 5)	\$18.00	N/A	\$22.50
Monthly Pass	\$40.00	\$20.00	\$61.25
Summer Blast Pass (valid June, July, & August)	\$75.00	N/A	N/A

DISCUSSION:

Existing Fare Revenue

In FY 07, fare revenues from Youth riders totaled approximately \$6 Million (about 17% of the \$35 Million total fare revenues). The \$6 Million includes cash fares received on buses, sales of tickets at light rail ticket machines, and sales of Youth Monthly Passes, Youth Day Pass tokens, and Summer Blast Passes. FY 08 Youth fare revenues may be somewhat less than received in FY 07, primarily due to the reduction in price for the Youth Monthly Pass from \$49.00 to \$40.00, effective September 2007. The impact of this change is not expected to be more than a few hundred thousand dollars, so Youth fare revenues should continue close to \$6 Million in FY 08.

Other On-Going Operating Cost Impacts

Providing free access for Youth to all VTA services will increase needs for security staffing as the number of Youth riders increases, particularly in high ridership areas near schools and youth oriented attractions. Also, as Youth ridership increases it is expected that there would be a need for additional maintenance to address increased vandalism and graffiti on VTA vehicles. VTA might also need to increase field supervision to respond to incidents of vandalism and rowdiness.

Cost Savings

As long as fares are still collected from persons 18 and over, there would be minimal savings from elimination of fare collection for those under 18. Potential savings on printing of Youth Monthly Passes would be approximately \$11,000 per year. Savings on printing of Day Passes are estimated at \$8,000 per year. Costs associated with the Youth Summer Blast Pass program would also be eliminated.

Other Impacts

If the Board of Directors were to approve free fares for all youth under the age of 18, it could potentially receive similar requests from the senior and disabled community which tends to be generally more vulnerable to fixed low incomes. Impacts of providing free transportation to all Seniors/Disabled individuals would increase the revenue loss to approximately \$9 Million per year (\$6 Million for Youth and \$3 Million for Senior/Disabled).

ALTERNATIVES:

The Board could direct staff to identify proposed cost savings measures to fund the loss of fare revenue or it could direct staff to propose an implementation plan identifying potential impacts on service levels.

FISCAL IMPACT:

The FY 2008 and FY 2009 budget adopted by the Board of Directors assumes that fares will be collected in accordance with the fare structure adopted by the Board in June 2007. Retaining the current fare resolution will have no fiscal impact on the budget.

Prepared by Ali Hudda, Fiscal Resources Manager