

VTA FARE POLICY

Resolution 03.12.21

Approved by the VTA Board of Directors on December 4, 2003

I. Introduction: Purpose and Goal

- A. VTA shall maintain a Fare Policy to ensure that there is a fair and reasonable relationship between the fares or fees charged for transit service provided and the operating costs of such services, and that fares are reviewed regularly.
- B. The overall goal for the fare policy shall be to achieve a farebox recovery ratio of 20-25% by FY 2007, and to maintain this relationship thereafter, as recommended by the VTA Ad Hoc Financial Stability Committee and approved by the Board of Directors on June 5, 2003.
- C. The Fare Policy shall include fare structure policies including discount rider categories, pricing of prepaid fares, paratransit fares, and inter-operator transfers.

II. The principles and premises set forth below form the basis for the Fare Policy:

- A. Underlying premises:

Farebox recovery is influenced by fare levels, fare discounts, ridership, service levels and operating costs. These influences can be seen in the formulas below:

$$\text{Fare Revenues} = \frac{\text{Average Fare per Boarding} \times \text{times Boardings per Hour of Service}}{\text{times Total Hours of Service}}$$

$$\text{Operating Costs} = \frac{\text{Operating Cost per Hour}}{\text{times Total Hours of Service}}$$

Since Total Hours of Service is a factor in both fare revenues and in operating costs, it can be factored out and the Farebox Recovery Ratio calculated as follows:

$$\text{Farebox Recovery Ratio} = \frac{\text{Average Fare per Boarding times Boardings per Hour of Service}}{\text{Operating Cost per Hour of Service}}$$

Farebox recovery can be viewed as a “three legged stool” supported by VTA fares (average fare per boarding), ridership productivity (boardings per hour) and cost efficiency (cost per hour). In order to increase farebox recovery, either the average fare per boarding must increase, or ridership per hour of service must increase, or costs per hour of service must decrease. Or more realistically, to achieve the level of farebox recovery that VTA requires, **all three** of these components must improve.

Fare policy, interpreted narrowly, primarily addresses only one of the three “legs” of farebox recovery. By increasing overall fare levels (or reducing discounts), fare policy can increase the average fare per boarding. Fare policy will also have some impacts on ridership, at least in the short term. So fare policy must consider ridership impacts of fare changes and a farebox recovery strategy that relies solely on fare increases will likely fail. Fare policy must also consider the costs of fare collection.

Service productivity is, to a large extent, not solely determined by VTA. Historic land use patterns and economic cycles are perhaps larger factors in demand for transit. However, VTA can influence ridership “productivity” of our services as measured in boardings per hour of service through our service policies and standards. Along with decisions on fare levels, decisions on service levels and service allocation play a key role in achieving VTA’s farebox recovery target.

The third “leg” of farebox recovery, cost per hour of service, is partly within the control of VTA. To achieve improved farebox recovery, VTA can increase cost efficiency by providing more service at less cost. Cost efficiency is achieved through careful budgeting, monitoring, and control of expenditures. VTA service standards and operations performance measures are tools towards these ends. Without cost control, farebox recovery targets will likely not be met regardless of the level of fares or ridership.

In summary, average fares, ridership productivity, and operating cost efficiency are all important factors in farebox recovery. To achieve a significant increase in farebox recovery all three factors must be targeted aggressively. The VTA Fare Policy, as presented herein, addresses improvement of average fares while attempting to minimize adverse impacts on ridership or cost efficiency.

B. Principles:

1. VTA's services constitute an important public asset because:
 - The availability of safe, efficient, reliable, high quality, and affordable public transportation is a key to the long-term economic, social and cultural vitality of the region; and
 - Neither a successful transportation network with well-functioning roadways nor acceptably clean air is possible without use of mass transit in lieu of private vehicles.
2. VTA's primary mission is to attract and retain riders in order to generate these important public benefits.
3. VTA services shall provide access, choice and economic opportunity to everyone, both riders and non-riders alike. The greater community realizes the benefits of VTA through improved environmental quality, an expanded workforce pool, and potential congestion reduction in key corridors. Equitable fare payment is one of the essential components to maintaining and enhancing public transportation services.

III. Definitions:

ADA Paratransit: Services provided pursuant to the Federal Americans with Disabilities Act to persons who are unable to utilize fixed-route transit service.

Average Fare per Boarding: Total fare revenues generated by a group of riders or category of service operated by VTA, divided by total boardings by these riders or on these services.

Base Fare: The Adult single ride cash fare.

Boardings: Number of times a transit customer boards a VTA vehicle. If a passenger needs to transfer from one vehicle or mode of transit to another in order to get to their destination, that trip might entail two or more boardings. Total VTA boardings is the same as total VTA ridership.

Day Pass: A pass good for an unlimited number of rides in one calendar day on VTA fixed route services.

Day Pass Multiple: Relationship between the price of a day pass and the price of a single ride cash fare. (For example, if the single ride fare costs \$1.50 and the day pass costs \$4.50, then the day pass multiple is 3).

Eco Pass: A special annual pass program whereby employers and residential communities contract with VTA to provide passes to all employees or all residents.

Fare Structure Policies: Fundamental policies addressing the relationships between different elements of the fare structure.

Farebox Recovery: The share of VTA operating costs for transit service that is recovered from fare revenues. Fare revenues include fares paid directly by transit riders, fare revenues received from employers or other institutions through the Eco Pass program, and revenues in lieu of fares from sponsors of free shuttles.

Farebox Recovery Ratio: Total fare revenues divided by total operating costs for transit service, expressed as a percentage.

Local Fare Credit: Credit for a free ride on VTA local bus or light rail service.

Operating Cost per Hour: Total VTA operating costs for transit service divided by total hours of service provided.

Total Fare Revenues: Total revenues from cash fares paid on buses, ticket sales on the light rail line, sales of monthly passes and tokens, and revenues from Eco Pass and other special fare programs. For purposes of computing farebox recovery, includes third party funding in support of free shuttle services.

Transfer: A special ticket typically issued by a transit operator at low or no cost for trip continuation purposes.

IV. Farebox Recovery Policy:

- A. Fares shall be reviewed biennially as part of preparation and adoption of biennial operating Budget assumptions.

- B. If farebox recovery for the prior biennial budget period was less than 20%, staff shall recommend fare changes to increase farebox recovery in the following budget period. Cost efficiency and ridership productivity initiatives shall also be recommended at the same time.
- C. The public shall be notified of any proposed fare changes and given an opportunity to comment as a part of the public review process for the biennial budget.
- D. Fare changes shall be adopted with the biennial Operating Budget in May or June of alternating years and shall take effect in January of the year following adoption.
- E. Once farebox recovery reaches 20-25% and is maintained at the 20-25% level for three years, the Board shall revisit the Fare Policy and determine whether to maintain the goal at 20-25% or to establish a new goal.

V. Fare Structure Framework:

- A. Because VTA's customer base is comprised of different groups whose ability to pay for public transit varies, the broad framework of the VTA's fare structure shall recognize these differences to the extent possible and support the transit needs of various customer groups.
- B. VTA shall keep its fare structure simple and comprehensible to facilitate ease of payment and collection.
- C. The fare structure shall provide incentives for persons who make a commitment to transit and shall not penalize persons transferring between VTA and other transit operators. Recognizing that these objectives may have revenue implications, pass and transfer programs shall not unduly erode VTA's base fare revenue, which supports the maintenance and enhancement of service and capital investments.

VI. Fare Structure Policy:

- A. Fixed Route Service:
 - 1. The base fare shall be the Adult cash single ride fare.
 - 2. All cash fares (except the Senior & Disabled single ride fare) shall be in \$0.25 increments until stored value fare card technology is fully implemented. Pricing for monthly passes shall also be in \$0.25 increments. Pricing for annual pass subscriptions, if offered, shall be in \$1.00 increments.

3. Fares for Youth and for Senior/Disabled riders shall be determined based on Adult fares, as follows:
 - Fares for Youth riders shall be 80-90% of fares for Adult riders. When rounding is called for, Youth fares shall be rounded to the nearest \$0.25 increment.
 - Fares for Senior/Disabled riders shall be 40-45% of fares for Adult riders. When rounding is called for, fares for Senior/Disabled riders shall be rounded to the nearest \$0.10 (single ride fare) or \$0.25 (other fares).
 - Although Youth and Senior/Disabled cash fares may be rounded as described above, pricing for Youth and Senior/Disabled day passes and monthly passes shall be established on the basis of calculated cash prices for these rider groups *before* rounding.
4. A premium cash fare equal to two times the base fare shall be charged for Express bus services. Express day passes and Express monthly passes shall also be priced at twice the equivalent Adult fare. Premium fares for Express bus services shall apply to Adult riders only.
5. Fees for Eco Pass or similar programs, if established, shall be set so that the average revenue per boarding approximates the average revenue per boarding for all other Adult riders.
6. Regional fare coordination arrangements shall generally provide local fare credit for valid transfers and passes of adjoining operators, at transfer points, and reciprocal benefits for VTA riders transferring in the opposite direction. The Board may authorize special arrangements for services in which VTA participates as a member of a joint powers authority or board or pursuant to an interagency cooperative service agreement.
7. The Board may establish additional pricing for additional types of fare media or special fare sales programs as it determines necessary to meet the overall goals of VTA. Such media or programs shall be included in the tariff.
8. The tariff shall delegate to the General Manager, or designee, the authority to institute a limited period of reduced or free fares for promotional purposes or in response to emergency situations and conditions.

B. ADA Paratransit Service:

The One-Way Trip fare shall be twice the Adult single ride fare for fixed route services. All other ADA Paratransit fares shall be multiples of the One-Way Trip Paratransit fare as follows:

<u>Fare Category</u>	<u>Fares</u>	<u>Requirements/Restrictions</u>
One-Way Trip	2 times Adult Single Ride	For a disabled individual who is qualified for Paratransit Service.
Companion	Equal to One-Way Trip	A person other than a personal care attendant accompanying a qualifying disabled individual.
Open Return Trip	2 times One-Way Trip	A return trip not dispatched until customer calls and requests it.
Second Vehicle Sent	5 times One-Way Trip	Charge for a second vehicle dispatched because customer was not ready or at pick-up location at the scheduled time for the first vehicle dispatched.
No Show	Equal to One-Way Trip	Charge for failure to be ready when vehicle arrives at scheduled time for all above services.
Same-Day Trip	4 times One-Way Trip	Trip scheduled within the same day.
Same-Day No Show	Equal to Same-Day Trip	
Same-Day Trip Companion	2 times One-Way Trip	A person, other than a personal care attendant, accompanying a qualifying disabled individual on a same-day trip.
Door-to-Door Surcharge	1/2 times One-Way Trip	For door-to-door escort service.
Service Area Surcharge	2 times One-Way Trip	For service to or from SCC locations outside ADA Paratransit Service Area.

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