

2023 Fare Change Recommendations

FY24 – FY28 Fare Structure and Go Pass Program

Public Hearing and Finance Committee

August 28, 2023



Agenda

1. Context
2. FY24-FY28 Fare Structure Recommendations
3. Go Pass Recommendations

Context for 2023 Fare Structure Changes

- Caltrain **ridership remains lower** amidst changed travel behavior stemming from the pandemic
- **Fares:**
 - Previously-adopted fare increases (May 2022 Fare Structure) have been temporarily delayed using Executive Director's Authority (until 12/31/23)
 - With ridership recovery a priority, immediate fare increases at this juncture are not recommended
 - Current and future regional fare changes need to be accounted for in Caltrain's Fare Structure

FY24-28 Fare Structure Recommendations

Fare Policy & Fare Recommendations

Fare policy - framework of high-level goals that guide fare-related decisions

- Caltrain adopted a series of fare increases pre-pandemic to meet policy goals which have since been delayed
- The current fare recommendations are aligned with Caltrain's fare policy

Policy goals:

- **Financial Sustainability** - ensure financial health
- **Equity** - participate programs that promote affordable transit
- **Customer Experience** – ease of use and predicable fare changes
- **Ridership** – maximize use of agency's assets

Fare Recommendations for FY24-FY28

Gradual, incremental fare increases:

- **In FY24** (March 1, 2023) reducing the cost of Clipper START to align with eligible discount pricing and adjusting eligible discount to 2x one way price
- **In FY26** (July 1, 2025), Base fare increases by \$0.25
- **In FY27** (July 1, 2026), Zone upgrade increases by \$0.25
- **In FY28** (July 1, 2027), Base fare increases by \$0.25*
- **FY24-28:** Monthly pass multiplier remains priced at 24 trips (12 roundtrips)

*Increase in Base Fare to apply to adult fares only due to rounding rules

**For prior adopted fare increases, please reference staff report

Caltrain and Regional Programs Recommendations

- Effective 1/1/2024, reduce minimum group size for Group Travel Discount from 25 to 15 people
- Effective 1/1/2024, extend participation in Clipper START for as long as MTC authorizes the program and add it is a fare category

Changes after Clipper Next Generation is launched (anticipated 2024)

- Accept Open Payments on Clipper - allow customers to purchase One-Way ticket with a credit/debit card
- Participate in the Regional Transfer Discount Pilot Program when
 - Applies to Clipper single-ride fares at each participating agency.
 - Passenger pays the full fare on the first agency used. Transfers to another agency within two hours of the first boarding are discounted up to a limit of \$2.50 per transfer.
 - Passes not included, but passholders may receive a discount when transferring to an agency where they use single-ride fares.

Impacts to Equity, Customer Experience, and Operations are expected to be minimal

	Expected Impact	Impacts	Mitigations
Equity	Positive	<ul style="list-style-type: none"> Proposed changes result in lower prices than currently adopted Fare Structure prices Transfer discount will especially benefit riders with lower incomes 	<ul style="list-style-type: none"> Commitment to Clipper START, Go Pass Donation Program, and Equity, Connectivity, Recovery, & Growth Policy
Customer Experience	Positive	<ul style="list-style-type: none"> Positive customer experience <ul style="list-style-type: none"> No fare changes until FY26 and FY26-FY28 changes are minimal Regional transfer discount Enhanced customer experience with alignment of ED and Clipper START fares 	<ul style="list-style-type: none"> None expected
Operations	Moderate	<ul style="list-style-type: none"> Operators and conductors need to be made aware of regional transfer discount and fare price changes 	<ul style="list-style-type: none"> Coordinate with TASI and Caltrain staff to train operators and conductors
Finance	Minimal	<ul style="list-style-type: none"> Changes in ED and Clipper START prices expected to be ~\$40k annually, Regional discount expected to be neutral 	<ul style="list-style-type: none"> Work with MTC and other operators to find long term transfer subsidization

Summary of Recommendations

Increase Fares Incrementally

FY26: Increase Base Fare by \$0.25

FY27: Increase Zone Upgrade by \$0.25

FY28: Increase Base Fare by \$0.25

Other (FY24-28):

- **No proposed change to Monthly Pass Multiplier**, which remains priced at 24 trips (12 roundtrips) through FY28
- Reduce Group Size for **Group Travel Discount** to 15 from 25

Participate in Regional Programs

- Continue participation in **Clipper START**; align Clipper START and ED Fares
- Add **Regional Transfer Discount Pilot** Program to Fare Structure, for Clipper Next Generation launch
- Add **Open Payments on Clipper** to Fare Structure, for Clipper Next Generation launch
- Continue participating in Clipper **Bay Pass Pilot** program development

Update Legal Document

- Board adopt **two Fare Structures**, for two periods of time depending on Clipper System in use:
 - One Fare Structure that goes into effect immediately, on existing Clipper System
 - One Fare Structure that goes into effect with MTC's launch of Clipper Next Generation System (anticipated 2024) through FY28

Fare change recommendations were reviewed with and generally supported by members of Caltrain's Citizens Advisory Committee in July 2023 and at a public meeting in August 2023

Title VI

Fare Equity Analysis

Title VI Equity Analysis & DI/DB Policies

Title VI Fare Equity Analysis

When conducting any fare adjustments, Caltrain must analyze how the proposed fare changes would impact minority as compared to non-minority populations, and low-income compared to non-low-income populations.

Disparate Impact Policy

- A threshold for determining when adverse effects of fare changes are borne disproportionately by minority populations vs. non-minority populations
- **Caltrain's Disparate Impact threshold is set at 10%**
- What this means: There is Disparate Impact if the difference in impacts borne by minority populations compared to those borne by non-minority populations are greater than 10%

Disproportionate Burden Policy

- A threshold for determining when adverse effects of fare changes are borne disproportionately by low-income populations vs. non-low-income populations
- **Caltrain's Disproportionate Burden threshold is set at 10%**
- What this means: There is Disproportionate Burden if the difference in impacts borne by low-income populations compared to those borne by non-low-income populations are greater than 10%

No Disparate Impact or Disproportionate Burden

Data Used

- 2022 Systemwide Ridership
- 2022 Caltrain Triennial Customer Survey
- Current and proposed fare structure

Findings

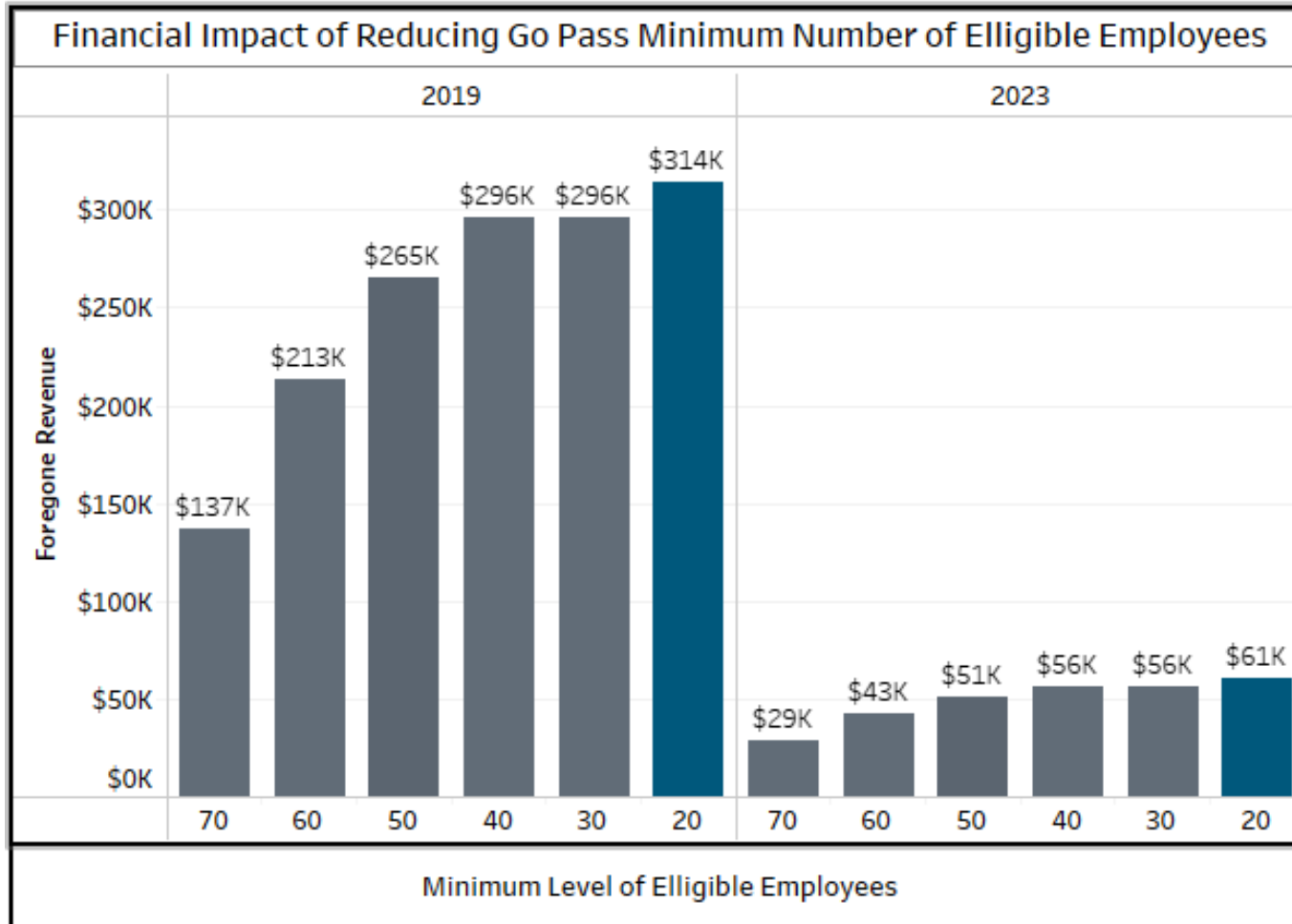
- FY26:
 - Minority % Change: -0.17%
 - Low Income % Change: 0.15%
- FY27:
 - Minority % Change: -0.07%
 - Low Income % Change: 0.27%
- FY28:
 - Minority % Change: -0.01%
 - Low Income % Change: -0.15%

Go Pass Program Recommendations

Go Pass Background

- Go Pass accounts for 1/3 of current total fare revenue – critical revenue and ridership driver.
- Current price in May 2022 Fare Structure is \$342/pass, scheduled to increase to \$359/pass in 2024.
- In recent years, Caltrain offered an early enrollment discount of 20% off the full price of \$342/pass, reducing the effective Go Pass price to \$273.60/pass for many customers.
- Despite the discount, participation has dropped since the start of the pandemic.

Go Pass Analysis - Minimum Eligible Users



- **Analysis** – staff conducted sensitivity analysis to anticipate revenue loss at different levels of minimum eligible users
- In 2023, changing from current 84 to 20 minimum eligible users would result in \$61K in potential foregone revenue
- However, we anticipate the change will bring new customers into the program, making the financial impact minimal
- This change reduces the minimum price to participate in the Go Pass program from \$28,728 to \$5,500

Recommendation is to reduce the required minimum eligible users from 84 to 20

*In 2019 there were 42 organizations with less than 84 minimum eligible users in the Go Pass program. Today there are only 8 organizations.

Go Pass Fare Structure Recommendations

Reduce Price of Go Pass in Fare Structure to increase participation

- Go Pass price reduced to \$275/pass from \$342
- Current fare structure has planned price increase if 5% on 1/1/2024 and 1/1/2026

Reduce the minimum eligible users from 84 to 20

Add in language supporting a student and affordable housing Go Pass at a reduced rate

- Allow discounts within the Go Pass program for students at schools enrolled in the program and for residents at affordable housing projects enrolled in the program (discount may be up to 80% off of the regular Go Pass price)

FOR MORE INFORMATION

WWW.CALTRAIN2040.ORG

BUSINESSPLAN@CALTRAIN.COM

650-508-6499

