SamTrans Fare Study Update and Draft Fare Policy

SamTrans Board of Directors

Finance Committee

December 5, 2018

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Meeting Objectives

1. Present findings and provide project status update.

2. Present draft Fare Policy and facilitate discussion.

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Study Context

- SamTrans 2015-2019 Strategic Plan goals.

- Constrained financial resources.

- No existing fare policy.

- No recent comprehensive fare analysis.

- Ongoing District efforts to simplify and streamline service.

- Many new fare payment technologies on the horizon.

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Study Goals

1. Develop and propose a SamTrans fare policy, based on study results and staff input.

2. Pursuant to the adopted fare policy, recommend codified tariff changes that will:

    •   Generate revenue, balanced with ridership

    •   Be transparent, logical, and data-driven

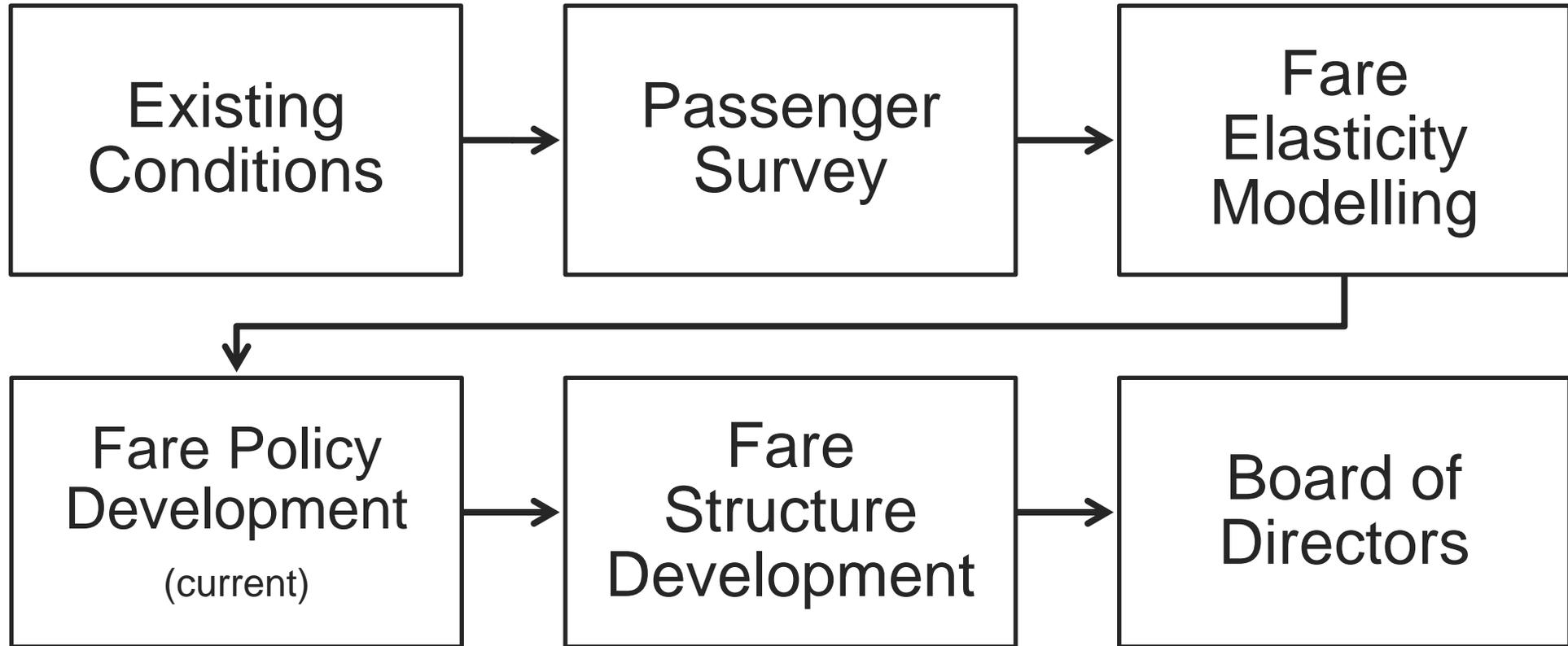   •   Be simple to understand, administer, and justify

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Why Adopt a Fare Policy?

- Manifestation of fare-related strategic goals.

- A guide to help staff balance competing priorities when considering new fare prices or products.

- Rubric for evaluating the efficacy of fare changes in meeting stated goals.

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Project Status

Existing Conditions → Passenger Survey → Fare Elasticity Modelling → Fare Policy Development (current) → Fare Structure Development → Board of Directors

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Fare Survey

Methodology

- "Stated Preference" – tradeoff experiment

- Respondent indicates how many trips they make on SamTrans in a given week.

- Respondent is presented with hypothetical fare changes and asked to note how their trip making would change given the new fares.

Fare Survey

- Friday, April 6 to Friday, April 13

- Sampled 11 high-volume routes:
  - Express and Multicity: ECR, KX, 292
  - Coastside:110
  - North County:120, 121, 122, 130
  - Mid- county: 250
  - South County: 281, 296

- Survey mostly given in person on bus or at terminal.
  - English and Spanish available on tablet
  - Other languages referred to website
  - Customer Service team provided further phone-based translation service

- Total responses: 1,573
  - 6 online responses
  - 1 phone response via customer service line)
  - After exclusions: 1,223

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Fare Survey

Age

Age	%
18 - 24	20%
25 - 34	26%
35 - 44	21%
45 - 54	14%
55 - 64	9%
65 or older	10%

46% (18-24 and 25-34 combined)

Annual Household Income

Income	%
Less than $25,000	39%
$25,000 - $49,999	38%
$50,000 - $74,999	10%
$75,000 - $99,999	7%
$100,000 - $149,999	4%
$150,000 or more	2%

78% (Less than $25,000 and $25,000 - $49,999 combined)

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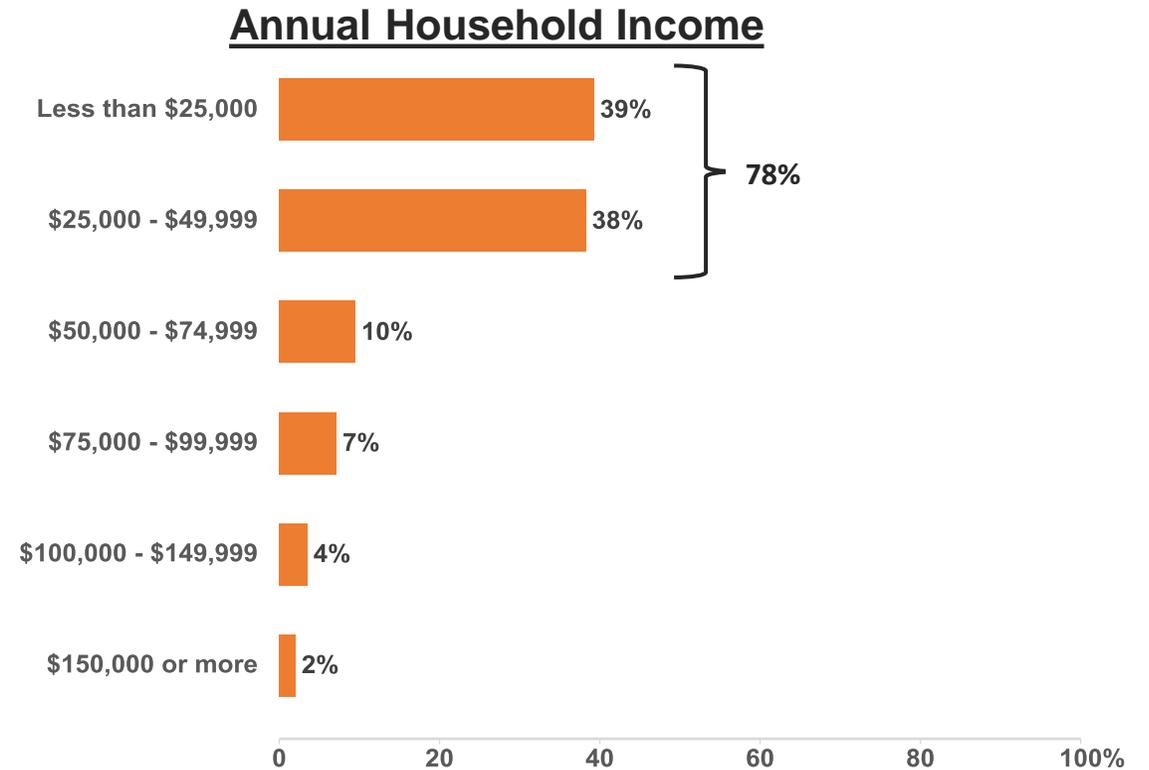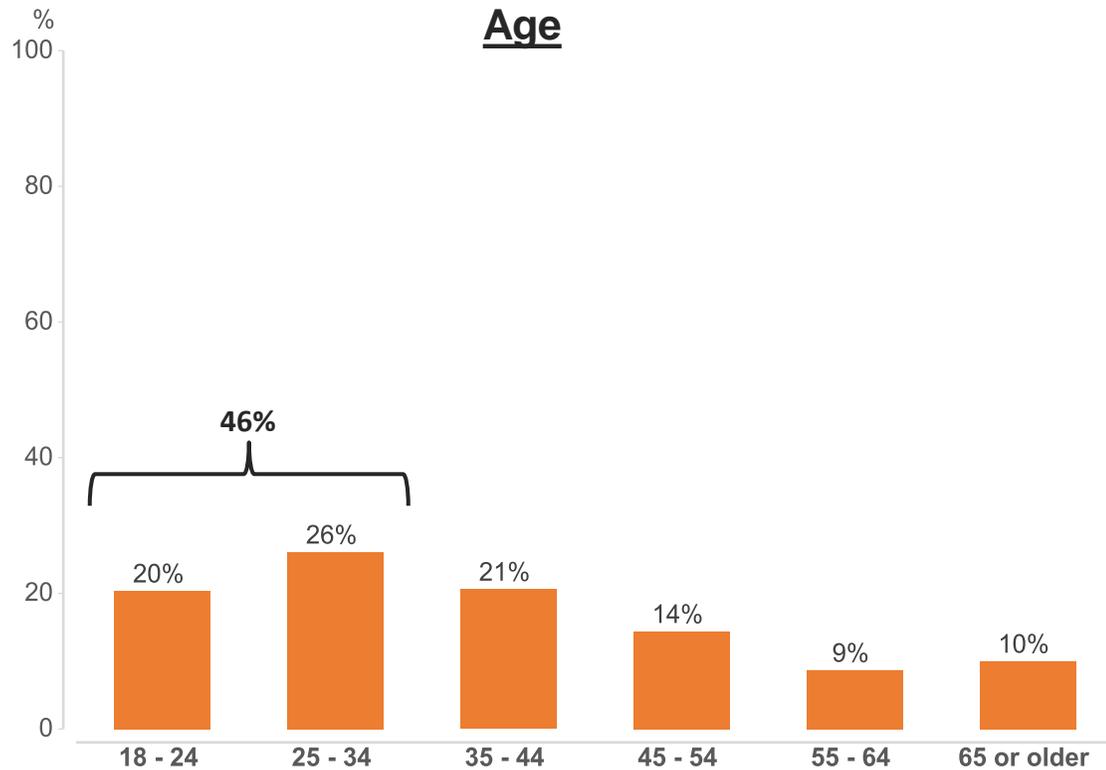
Fare Survey

Ridership Tenure

- 6 months or less — 18%
- 6 months - 1 year — 15%

33%, "New customers"

- 1 - 3 years — 28%
- More than 3 years — 39%

67%, "Seasoned riders"
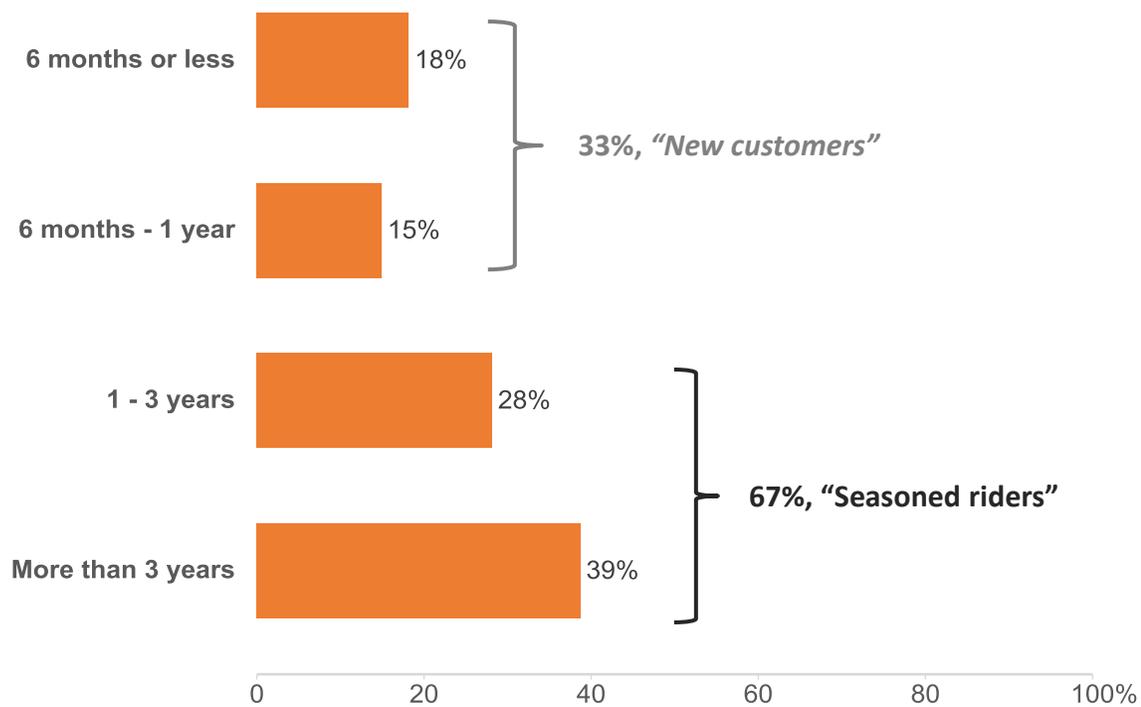
Ridership Tenure, by Ridership Frequency

- Frequent Rider (5-7 days per week)
- Infrequent Rider (1-4 days per week)

Ridership tenure	Frequent Rider	Infrequent Rider
6 months or less	42%	58%
6 months - 1 year	50%	50%
1 - 3 years	65%	35%
More than 3 years	74%	26%

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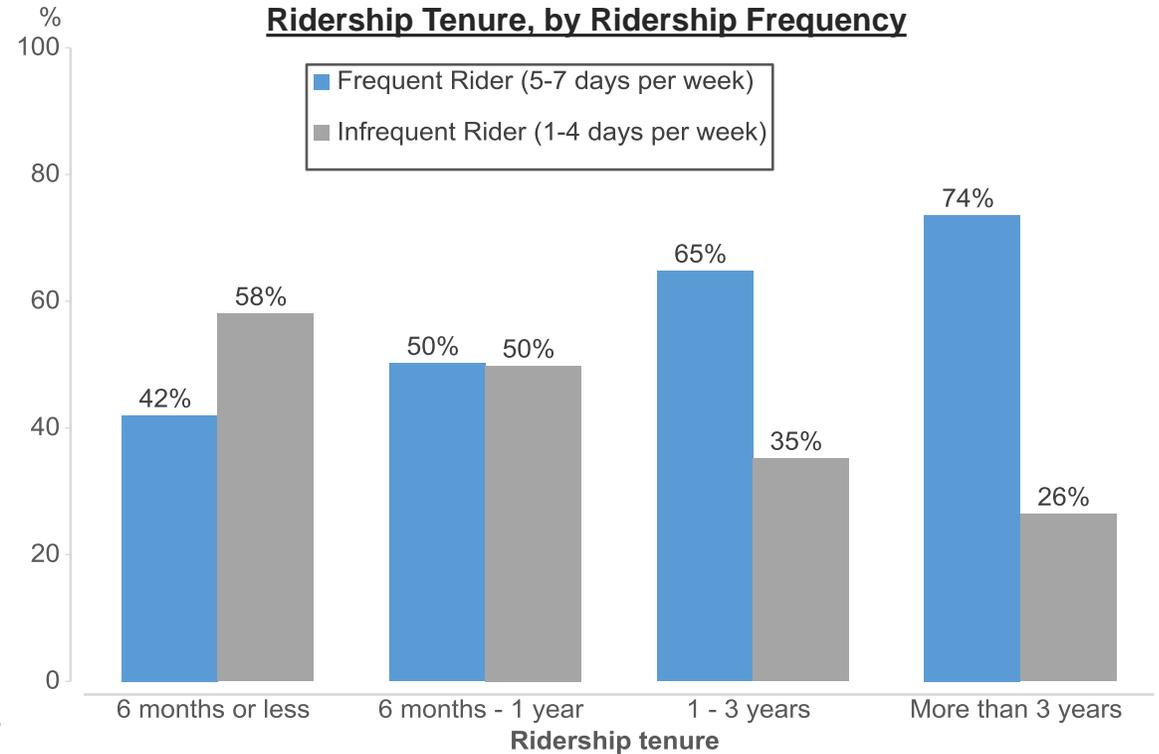
Fare Survey

Fare Type
- 86% paid adult fare

Fare Media
- 27% used cash or change card
- 65% used Clipper (split between cash value and month pass).
- 58% of riders not using Clipper said they prefer to use cash

Fare Media Used

Cash / stored-value Change Card — 27%

Clipper cash value — 32%

Clipper SamTrans monthly pass — 33%

} **65% Clipper use**

Day Pass — 5%

Token — 3%

0   20   40   60   80   100%

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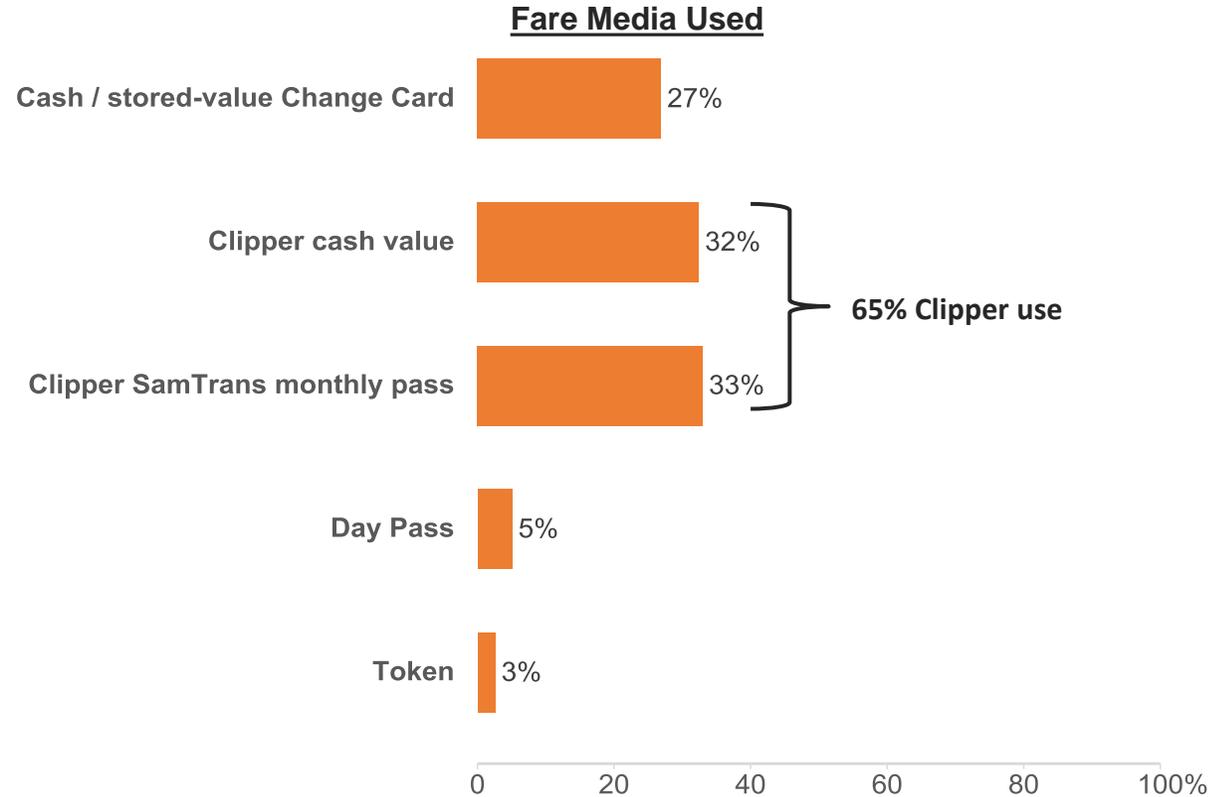
Fare Survey

Transfers – 28% take more than one bus on a one-way trip

Preferred Ticket Type if Tokens were Unavailable

%
100	
80	
60	
40	39%
20	24%
0	

39% — Clipper cash value
24% — Cash / stored-value Change Card
15% — Clipper SamTrans monthly pass
5% — Day Pass
15% — Don't know
2% — Other

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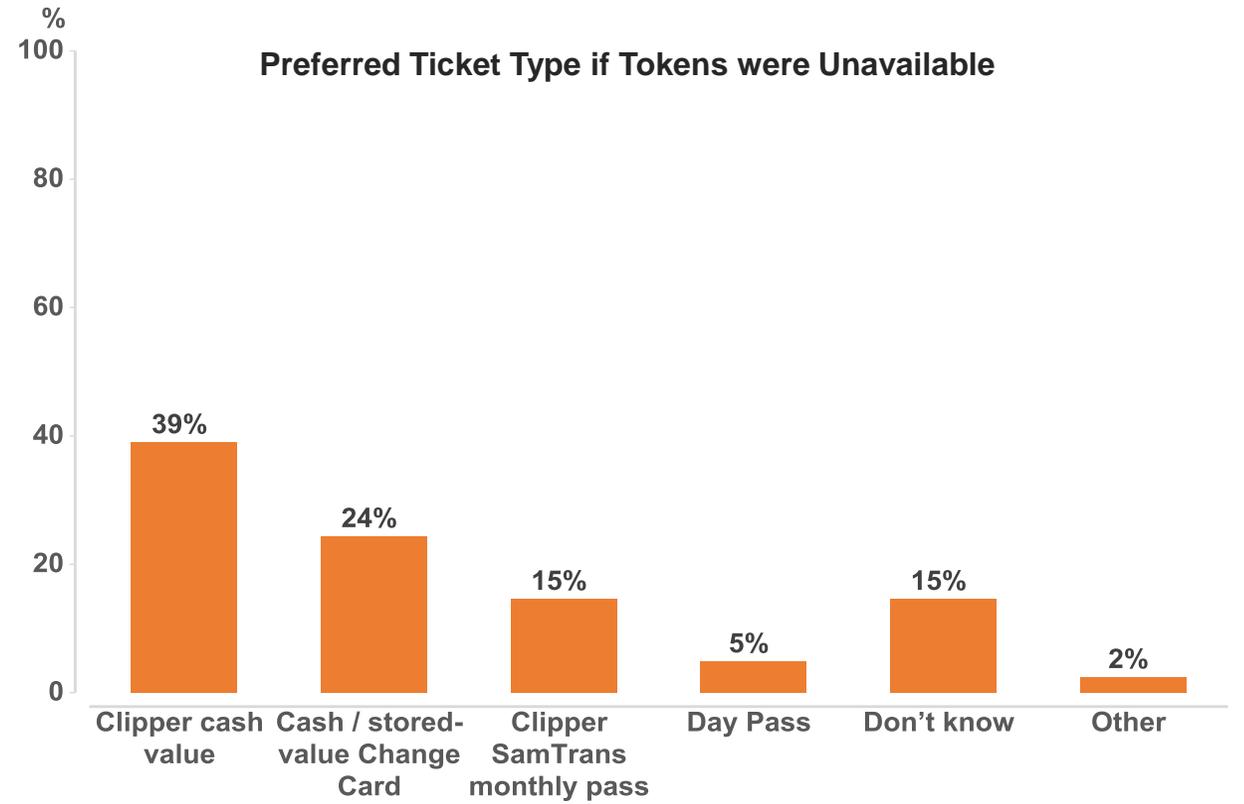
Fare Elasticity Modelling

Elasticity	Interpretation
-0.13	**If costs increase 10%, ridership may decrease 1.3%**

Other Key Findings:

- Consistent with previous studies that have looked at transit passenger price sensitivity.

- Little to no difference in the overall elasticity between low income and high-income groups.

- Those who identify as non-white and/or Hispanic are more inelastic than the white/non-Hispanic group.

- Those who speak English poorly, or not at all, are more inelastic than those who do.

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Fare Policy Proposal

Five topic areas:

1. Ridership
2. Farebox Recovery
3. Customer Experience
4. Administration and Overhead
5. Strategic Adjustments

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Fare Policy Proposal

Ridership

1. Fare structure should encourage ridership growth by keeping SamTrans affordable and simple to use.

2. Fare structure should preserve or grow ridership among core ridership groups (such as low-income passengers) or markets that have strategic focus (such as youth).

Performance Metric	Description	Goal	Interval	Data Source
Ridership	Quarterly monitoring of daily ridership.	Stable or increase	Quarterly	Bus Operations
Passenger Demographics	As part of the triennial ridership survey, monitor ridership trends among people with low incomes. Seek balance amongst income levels.	Balanced demographic mix	Triennial	Market Research

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Fare Policy Proposal

Cost Recovery

1. In order to support current and future services, fare revenue will offset a portion of annual operating costs.

2. Specific farebox revenue targets may be set for individual routes pursuant to service type and District strategic policy goals, and/or when required by discretionary grant funding.

Performance Metric	Description	Goal	Interval	Data Source
Farebox Revenue	Total revenue collected from fare sales.	Stable or increase	Quarterly	Treasury
Farebox Recovery Ratio	Ratio of fare sales to operating cost.	Stable or increase	Quarterly	Treasury
Cost per Passenger	Operating cost per passenger served	Stable or decrease	Quarterly	Treasury and Bus Operations

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Fare Policy Proposal

Customer Experience

1. Fares should be easily understood by customers.

2. Fare changes should be transparently and rationally justified.

3. When feasible, SamTrans should support ongoing regional efforts to streamline fare payment processes.

4. Fare structure should encourage use of multi-ride passes over single-ride tickets, tokens, or other media.

5. Fares should support use of Clipper and the SamTrans mobile ticketing app.

Performance Metric	Description	Goal	Interval	Data Source
Customer Feedback on Fare Products	Solicit customer feedback via the triennial survey or other market research opportunities, when available. Customer ratings on ease of use. Higher ratings preferred.	Positive feedback regarding ease of use.	Triennial, or when feasible.	Market Research
Fare Payment Mix	Monitor use of fare payment media among ridership, in particular the use of Clipper, mobile app, and passes.	Increase rates of Clipper, pass, and app use.	Quarterly	Farebox Data

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Fare Policy Proposal

Administration & Overhead

1. Fare policy should be straightforward and cost-effective to administer.
2. Fare structure should facilitate efficient operations, such as reduced dwell time.
3. Fare structure should embrace technological innovation.

Performance Metric	Description	Goal	Interval	Data Source
SamTrans Staff Feedback	Assess the staff resources required to administer SamTrans fare policy. Reduce administration costs over time.	Positive feedback	Monthly	Internal fare-related staff working groups
Bus Dwell Time at Stops	Time spent at stops loading and unloading passengers.	Stable or decrease	Quarterly	Bus Operations
Fare Payment Mix	Monitor use of fare payment media among ridership, in particular the use of Clipper, mobile app, and passes.	Increase rates of Clipper, pass, and app use.	Quarterly	Farebox Data

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Fare Policy Proposal

Strategic Adjustments

1. Fare structure changes must be evaluated for consistency with Board-approved policy.

2. Time and budget permitting, the fare elasticity model should be updated and used to evaluate ridership and revenue implications of fare changes.

3. Fare discounts should be used to incentivize certain markets to take SamTrans.

4. Fare discounts should have specific and well-documented goals. Outcomes will be measured on a regular basis and modified or removed as necessary.

Performance Metric	Description	Goal	Interval	Data Source
Ridership of Strategic Market	Staff should monitor the ridership among strategic markets, such as youth, in order to gauge the effectiveness of relevant discounts or other promotions.	Ridership increase of strategic market.	Triennial, or sooner as feasible	Market Research
Fare Model Outputs	Staff should update and run the fare elasticity model when proposing discounts or other adjustments.	Forecasted change in ridership or revenue within a tolerable limit.	As needed	Market Research and/or Planning

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Next Steps

1. <u>Today</u>: Consider postponement of 2019 fare increase (Finance Item #4)

   – Approved in 2016, would increase base fare to $2.50, with corresponding increases to day pass, tokens, and monthly passes.

2. <u>January</u>: Depending on comments, present revised Fare Policy to Board for consideration and adoption.

3. <u>February/March</u>: Following adoption, evaluate codified tariff and propose necessary revisions for consistency with Fare Policy. The 2019 fare increase will be evaluated as part of codified tariff revisions. Present proposed changes and initiate public comment and Title VI review period.

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