Fare Adjustment Recommendation

Board Workshop October 27, 2016

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Agenda

- Objectives
- Where We Are Today
- JTA Fare Policy History
- Fare Elasticity Analysis
- Options and Next Steps

Objectives

- Review Fare Adjustment Options
- Agree Upon Path to Final Decision
  - Title VI Analysis
  - Public Participation and Feedback
  - Board Approval and Adoption

Where We Are Today

- JTA has made significant investments to build an outstanding transportation system
- Improved operating performance
  - Increased on time performance by 15 points – from 64% to 79%
- Improved and expanded transit system network
  - First Coast Flyer North corridor operational in December 2015
  - First Coast Flyer Southeast corridor operational in December 2016
  - Upon completion of all four corridors, it will be the largest BRT system in the Southeastern US

Where We Are Today (Continued)

- Enhanced customer experience through the following initiatives
  - Route Optimization Initiative
  - Real-time passenger information
  - Mobile payment application
  - Free on-board Wi-Fi
  - Expanded use of ticket vending machines
  - Introduced new CNG Buses
  - One third of fleet is less than three years old

Where We Are Today (Continued)

- Challenges
  - Current farebox recovery is 16% and declining
  - Current revenue sources not sustainable in the long run
  - Significant and sporadic fare adjustments
  - Complimentary fares represent 20% of system ridership
  - Sustaining high-quality service

Fare Adjustment Considerations

- Balance ridership and revenue
- Consider effects on policy goals
- Economic impact
- Impact on transit dependent
- Bus transit infrastructure maintenance

Current Fare Structure – Fixed Route

FARE	AMOUNT	% Riders	Fare/Trip
Single Trip	$1.50	28.3%	N/A
Reduced Fare	$0.75	3.2%	$ 0.75
Express	$2.00	0.0%	$2.00
Express Reduced	$1.50	0.0%	$1.50
Seniors (over 65)	Complimentary	19.8%	$ -
Community Shuttle	$1.50		$1.50
> Deviation Fee	$0.50	N/A	N/A
Transfers	N/A	N/A	N/A
1-Day Pass	$4.00	8.5%	$1.08
3-Day Pass	$10.00	3.3%	$1.24
7-Day Pass	$16.00	12.3%	$0.95
31-Day Pass	$50.00	18.6%	$0.89
31-Day Pass (Youth or Reduced)	$30.00	4.0%	$0.63

Farebox Recovery

- JTA's FY16 farebox ratio is 16%
  - Peer industry average of 21.8% (2014)

FY	Revenue (millions)	Operating Expense (millions)	Farebox Recovery
2011	9.1	57.8	16%
2012	11.3	62.8	18%
2013	11.6	62.8	18%
2014	11.2	65.4	17%
2015	10.8	68.8	16%
2016	10.7	68.9	16%

Fare Policy History

- JTA has implemented two fixed route fare increases since 1999:
  - 2007 - JTA increased fixed-route cash fare ($.75 to $1 - 20%), weekly passes ($10 to $12 - 33%), and prices on various ticket books
  - 2012 – JTA increased fixed-route cash fare ($1 to $1.50 - 50%), weekly passes ($12 to $16 - 33%), and monthly passes ($40 - $50 - 25%)
    - Introduced the STAR Card with 1-day passes and rolling 3, 7, and 31-day passes

Fare Elasticity

- Estimates the impacts of fare changes on ridership, and revenue
- Regression analysis incorporated JTA service and community characteristics
- Factors determined significant to impact JTA ridership:
  - Average Fare
  - Average Regular Gas Price
  - Unemployment Rate
  - Seasonality
- Projections: 3% ridership decline with 10% fare increase
  - Transit industry average is approximately 3.3%

Fare Adjustment Goals

Customer Service

- Avoid disproportionate impact on those least able to pay
- Minimize complexity to customers

Efficiency and Effectiveness

- Maintain current levels of electronic fare media usage
- Minimize ridership declines that harm JTA success metrics
- Reduce impact of off-board purchases

Financial Sustainability

- Increase Farebox Recovery to sustain high-quality service

Employee Success

- Minimize complexity to operators

Fare Adjustment Options
Summary

- Six approaches evaluated
- Reduced to four final alternatives
- Evaluated based on scoring in six categories
- Each category given a weight based on order of priority

Fare Adjustment Impact Considerations	Weight
Likely Disproportionate Impact on Low-income Customers	30
Likely Impact on Operational Efficiency	20
Complexity to Customers and Operators	20
Likely Impact on Off-Board Purchases	10
Likely Impact on Farebox Recovery	10
Likely Impact on Ridership Decline	10

Fare Adjustment Options
Phased Approach

		2017		2019	2021
Fare Category	**Current Cost**	**Proposed Cost**	**$ Change**	**Implement fare indexing policy**	
Adult Cash Fare	$1.50	**$1.75**	$0.25	**Set fare indexing cycle for every two years**	
1-Day Pass	$4.00	**$4.50**	$0.50	**Proposed indexing methodology:**	
3-Day Pass	$10.00	**$12.00**	$2.00		
7-Day Pass	$16.00	**$20.00**	$4.00	➢ **(2 year Southeast Region CPI-U / 2) + (2 Year Operating Budget Labor Cost Change / 2)**	
31-Day Pass	$50.00	**$65.00**	$15.00		
Reduced Cash Fare	$0.75	**$0.85**	$0.10		
1-Day Reduced	$1.50	**$2.00**	$0.50		
31-Day Reduced	$30.00	**$32.50**	$2.50		
Express Cash Fare	$2.00	**$2.75**	$0.75		

Fare Adjustment Recommendation

- Recommendation – Rationale
  - ➢ Minimize impact on those least able to pay
    - Highest impact on longer-term passes less likely to be used by those least able to pay
  - ➢ Minimize impact on operational efficiency
    - Increases 1-day pass usage
  - ➢ Minimize complexity to customers and operators
    - No change from existing fare structure
  - ➢ Reduce impact of off-board purchases
    - Did not achieve – moved customers to a 1-day pass

Fare Adjustment Recommendation

- Recommendation – Rationale
  - ➢ Increase Farebox Recovery to sustain high-quality service
    - Increases recovery through multi-step increase
    - Review fare structure every two years, and adjust based on formula
  - ➢ Minimize ridership declines that harm JTA success metrics
  - ➢ No change to senior, skyway, ferry or Connexion fares at this time

Next Steps/Schedule

- Gain Board Input and Approval to move forward
- Path to Final Decision
  - December 2016 - Title VI Analysis
  - January 2017 - Public Participation and Feedback
  - February 2017 - Board Approval and Adoption

Questions