Finance & Administration Committee

Action Item III-B

November 4, 2010

Adoption of Fare Policy Principles

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

◉ Action ○ Information	MEAD Number: 100827	Resolution: ◉ Yes ○ No

TITLE:

Approval of Fare Policy Principles

PURPOSE:

This presentation will review the Fare Policy Principles that were presented to the Board as part of the FY2011 Budget preparation. The Board is requested to approve changes to the current fare policy principles.

DESCRIPTION:

Metro`s Fare Policy Principles were last reviewed in January as part of the FY2011 budget preparation. The purpose of Fare Policy Principles is to evaluate possible future adjustments. The principles are being reviewed now to ensure Metro has adopted appropriate principles.

FUNDING IMPACT:

None.

RECOMMENDATION:

Adoption of proposed fare policy principles.

Washington Metropolitan Area Transit Authority

Fare Policy Principle Review

Finance and Administration Committee

November 4, 2010

Review of Fare Policy Principles

- Metro's Fare Policy Principles were last reviewed in January 2010 as part of the FY2011 budget preparation
  - The principles are being reviewed now to ensure Metro has adopted appropriate principles

Calendar of Fare Policy Principles

- January 14, 2010 – Fare Policy Principles presented to Board
- May – F&A Committee used the principles to evaluate fare changes
- July & August – Staff work-group evaluated fare policy principles for possible changes
- August & September – Staff discussion of fare policy principles with JCC and RAC
- October – Customer focus groups
- November – F&A Committee presented proposed principles, Board is asked to adopt new fare policy principles

Customer Focus Groups

Participants asked for simplicity and flexibility

- Current fare structure is too complicated
  - Fare charts are difficult to understand
  - Distance-based fares deemed too complex
  - Dislike peak-of-the-peak
  - Appreciate daily/weekly passes
- Fare Media
  - Participants believe SmarTrip® is “the way to go”
  - Appreciate SmarTrip® enhancements
  - Want to be able to purchase different media Metro locations

Customer Focus Groups

Participants' ideas for Fare Structure & Fare Media

- A more simple time- and distance-based system
- Open fare media as a payment option
- Additional SmarTrip® features
- Enhanced fare machines

Fare Policy Principles presented January 2010

- Charge rail fares based on distance traveled
- Charge more for premium service
  - Examples: Express bus and travel after midnight
- Maximize the use of existing capacity
  - Examples: Peak-of-the-Peak surcharge
- Facilitate movement between modes and also between Metro and jurisdictional bus and commuter rail systems
- Provide discounted fares for some riders
  - Examples: Reduced fares for seniors and people with disabilities
- Collect revenue in a cost-effective manner
- Reduce (or slow) the growth of MetroAccess ridership

Peer Agencies

- San Francisco BART Fare Policy Goals
  - Ensure and enhance customer satisfaction
  - Increase ridership while meeting goals of the Financial Stability Policy
  - Promote seamless interagency travel
  - Maintain and improve the financial health
  - Optimize system usage and asset management
- Boston MBTA Fare Policy Objectives
  - Increase ridership utilization and occupancy
  - Establish equitable fares
  - Enhance mobility and access
  - Maintain/increase fare revenue stream
  - Maximize fare revenue collection
  - Respect customer privacy
- New York MTA Fare Policy
  - Raise necessary revenue while maintaining ridership as much as possible
  - Minimize impacts to lower-income customers
  - Increase efficiencies of fare collection

Proposed Changes to Fare Policy Principles

Current Fare Policy Principles	Proposed New Fare Policy Principles
• Charge rail fares based on distance traveled • Charge more for premium service	1. Develop fares so they are easily understandable 2. Charge fares relative to level of service
• Maximize the use of existing capacity	3. Optimize use of existing system capacity 4. Maintain adequate cost recovery while maximizing ridership
• Facilitate movement between modes and Jurisdictional systems	5. Facilitate movement between modes and operators throughout the region
• Collect revenue in a cost-effective manner	6. Encourage use of cost-effective and efficient fare media
• Provide discounted fares for some riders • Reduce (or slow) the growth of MetroAccess	7. Ensure fares comply with federal regulations

Measuring Current Fare Structure

Staff are working to assess the impact of the recent fare increases, and will be assessing them against the revised fare policy principles

- Fare structure (time- and distance-based fares)
- Fare changes, included Peak-of-the-Peak
- Current passes
- SmarTrip® discounts

Recommendation

- Approval of the proposed new Fare Policy Principles

SUBJECT: FARE POLICY PRINCIPLES

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Board of Directors periodically reviews the fares charged to passengers of the Metro system and the structure of these fares; and

WHEREAS, By Board Resolution #2007-47, the Board established a policy of biennial fare adjustments to be tied to the consumer price index; and

WHEREAS, Staff has been asked to recommend fare policy principles that encompass all aspects of fares, to be utilized for evaluation of adjustments to fares and the fare structure; now, therefore be it

RESOLVED, That the following Fare Policy Principles be approved:

1. Develop fares so they are easily understandable;
2. Charge fares relative to level of service;
3. Optimize use of existing system capacity;
4. Maintain adequate cost recovery while maximizing ridership;
5. Facilitate movement between modes and operators throughout the region;
6. Encourage use of cost-effective and efficient fare media;
7. Ensure fares comply with federal regulations; and be it further

RESOLVED, That the General Manager and the Board of Directors shall refer to the Fare Policy Principles when evaluating adjustments to WMATA's passenger fares and fare structures; and be if finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

Carol B. O'Keeffe

Carol B. O'Keeffe
General Counsel

PROPOSED