

Fare Policy



Discussion Document
November 23, 2015

2013 Session Law Chapter 46

- SECTION 6A. Set goal of an increase in the farebox recovery ratio of at least 10 per cent for each rolling 5-year period
- SECTION 61. (a) The authority's budget as approved by the board of directors ensure that the budget includes sufficient revenue from [own] sources of revenue to meet the following benchmarks: ... (iv) in fiscal year 2017, the authority shall contribute 32.75 per cent of the authority's operating budget;
- (d) The authority shall not increase fares at intervals of less than 24 months or at an annual rate greater than 5 per cent.

Increase Revenue

- Increase ridership with affordable fares that are easy to pay
- Reduce costs of fare collection
- Maximize collection of all fares

Improve Service

- Facilitate quick and easy boardings
- Shift ridership to off-peak times
- Minimize customer-employee conflicts

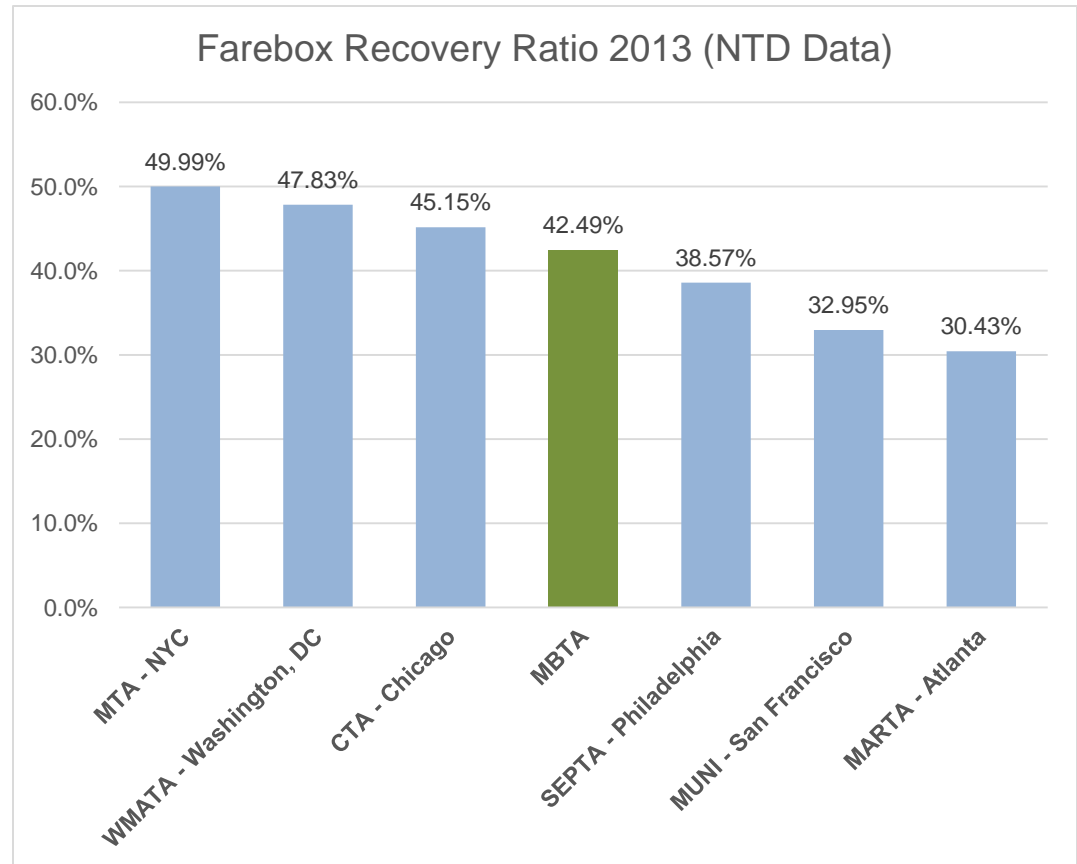
Advance Regional Goals

- Promote regional mobility
- Assist in meeting mode shift goals
- Be equitable and meet all civil rights requirements
- Respect customer privacy

- There are explicit tensions in meeting all of the fare policy objectives
- Increasing revenue can be at odds with regional goals for public transport
- Fare levels need to be set to increase ridership and to collect revenue necessary to provide the service for that ridership

Farebox Recovery Goal

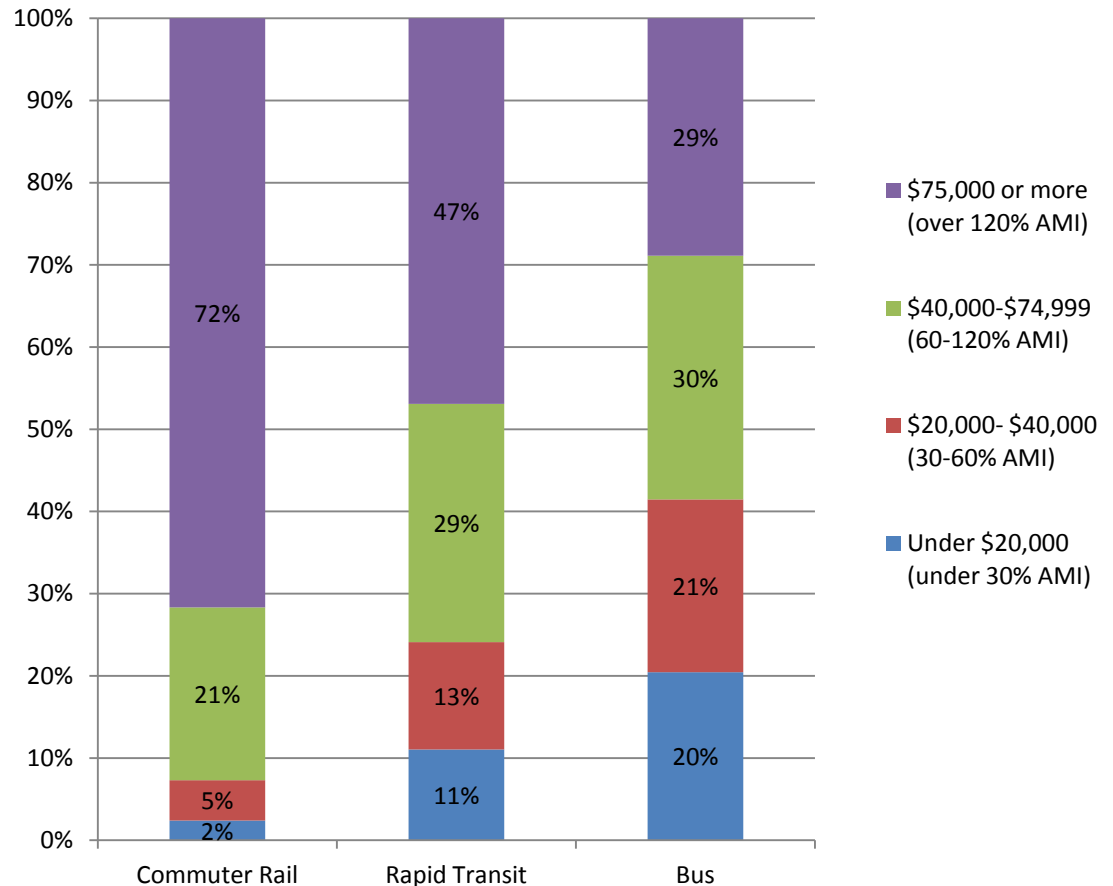
- Should the MBTA have a Farebox Recovery Ratio goal?
- How do we meet the legislatively set goal of increasing FRR by 10% every 5 years?



Means-Tested Fares

- Should residents who can't afford the fare be able to pay less?
- How is eligibility in such a program defined?
- Who pays for the subsidy and how is the program administered?

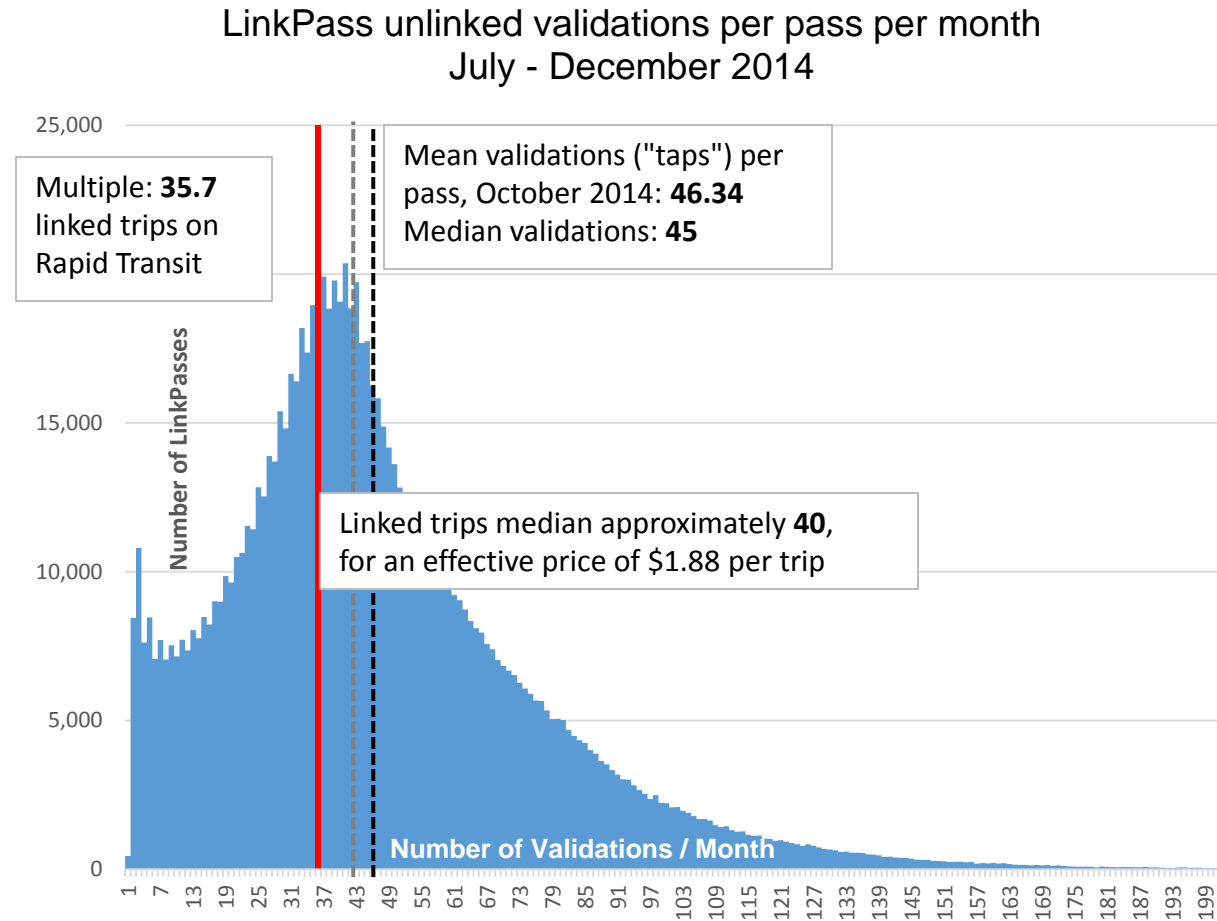
Income Distribution of Riders by Mode



Notes: Stated household income from 2008-2009 systemwide survey, Area Median Income (AMI) in 2008 approximately \$68,000

Pass Multiples

- Should the MBTA set a multiple for each of its pass products?
- What level encourages pass usage and maximizes revenue?



Fare Change Levers



A. Raise/Lower Rate Across the Board:

Adjust cost for all fare products at a similar percent increase across the board

B. Adjust Pass Multiple Rates:

Increase pass multiple for passes when under a target multiple set by the policy

Agency	City	Multiple
MBTA	Boston	35.7
MUNI	San Francisco	36.9
MARTA	Atlanta	38.0
SEPTA	Philadelphia	40.4
MTA	New York	42.4
CTA	Chicago	44.4

C. Selective Adjustments to rates/multiples:

Targeted changes to cash/ticket rates and pass multiples

November 23, 2015 - Draft Fare Policy released for FMCB and public comment

December 8, 2015 – Stakeholder meeting for comments on Fare Policy

December 15, 2015- Public comment period ends

December 21, 2015- FMCB votes on Fare Policy

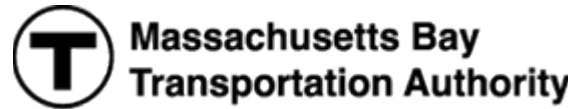
January 6, 2016- FMCB reviews Fare Change options and releases for public comment

January 2016- Series of public meetings on Fare Changes

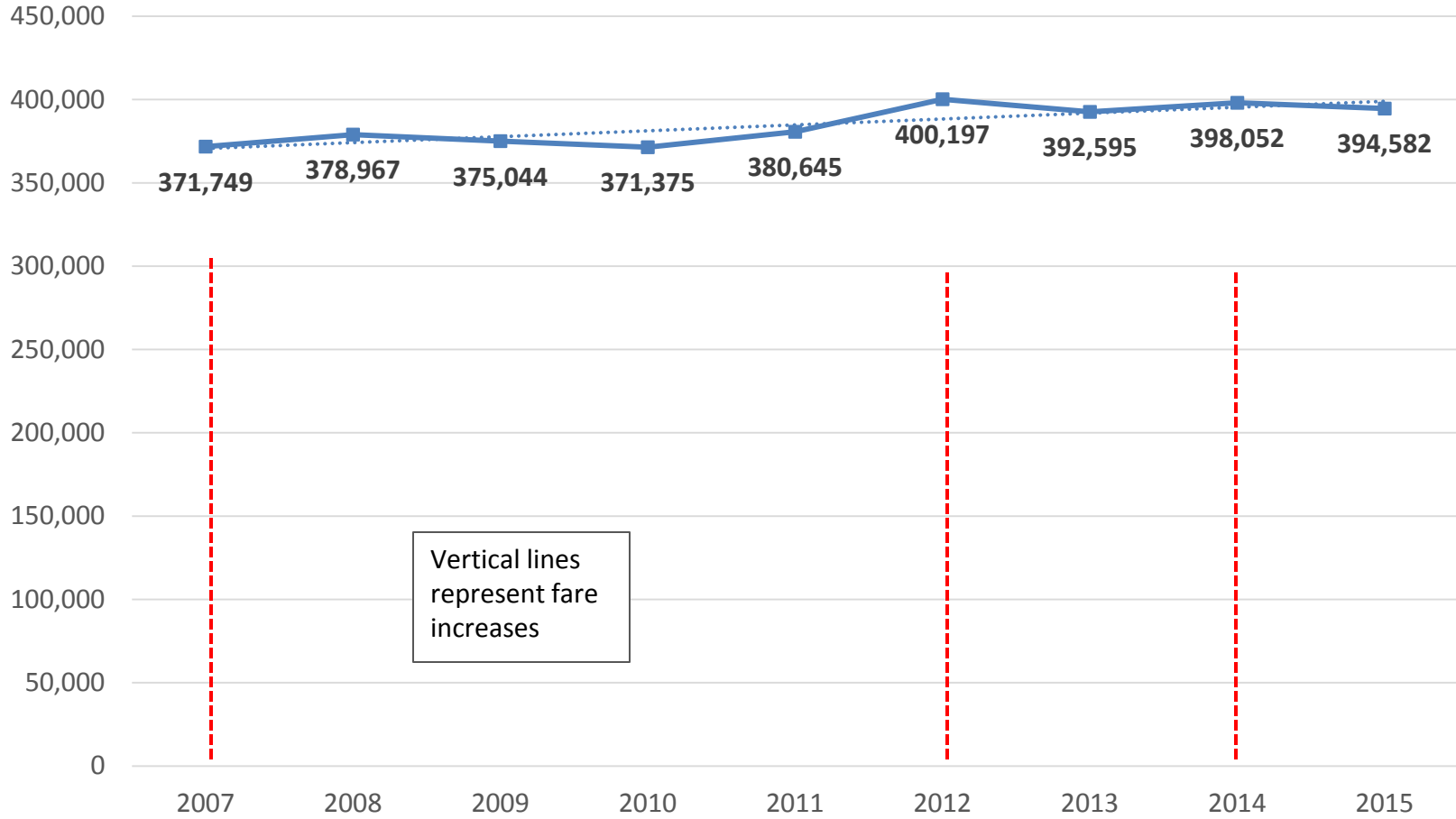
February 2016- FMCB votes on Fare Changes

Appendices

Ridership by FY 2007-15



MBTA Ridership, all modes
by Fiscal Year (thousands)



- The “Multiple” is the number of full single-ride fares needed to reach the price of a monthly pass.
 - Calculation: Monthly Pass price / CharlieCard Single-Ride Price
 - Current LinkPass multiple: $\$75 / \$2.10 = 35.71$
- Most peer agencies have a multiple between 40 and 44
- Median linked trips for LinkPass users is estimated at 40
- Unlinked trips are misleading – if rider was paying per-ride, a trip with one transfer would cost the same as one with none. Linked trips is a better comparison when setting multiple.
- One fare increase scenario is to move the pass multiple up more than the percent increase of the fare