



DATE: JULY 10, 2017

MEMO TO: HERITAGE VALLEY POLICY ADVISORY COMMITTEE (HVPAC)

FROM: AARON BONFILIO, PROGRAM MANAGER

SUBJECT: PROPOSED FARE INCREASE

RECOMMENDATION

- Direct staff to conduct public outreach regarding proposed fare increases for the Valley Express service.
- Following outreach and HVTAC review, direct staff to return to the HVPAC for consideration and/or approval.

BACKGROUND

At the last HVPAC meeting, the Committee discussed current system performance and potentially raising fare prices to address the continued farebox recovery shortfalls; such increases were initially planned by the HVPAC through a multi-phase process. The first of the two-phased increase has been implemented. The second phase which increases pass pricing has yet to be implemented. Discussion continued as to the extent of the shortfall and the options for decreasing/eliminating the shortfall. The HVPAC reiterated the need to evaluate and then proceed with fare adjustments.

DISCUSSION:

Based on *current ridership trends* and the existing fare price structure, the anticipated year-end farebox revenue shortfall is approximately: **\$64,000, or 3.5%.**

The current fare structure of the Valley Express system is as follows:

<u>CURRENT</u>	Fixed Route		Dial-A-Ride	
	Cash	Monthly	Cash	Monthly
Adult	\$1.25	\$20	\$2.00	\$30
Youth	\$0.60	\$10	\$2.00	\$30
Senior/Medicare/ADA	\$0.60	\$10	\$2.00	\$25

At the June 5, 2017, HVTAC meeting, the Technical Committee approved for HVPAC's review the following proposed set of fares. Additional fare price scenarios were reviewed and are attached to this

item for reference. The below recommended fare prices were developed through discussion regarding the desire to address the farebox shortfall, as well as to standardize the fare structure itself.¹

<u>PROPOSED</u>	Fixed Route				Dial-A-ride			
	Cash	% ch	Monthly	% ch	Cash	% ch	Monthly	% ch
Adult	\$1.25	0%	\$25	25%	\$2.50	25%	\$40	33%
Youth	\$1.00	67%	\$25	150%	\$2.50	25%	\$40	33%
Senior/Medicare/ADA	\$0.60	0%	\$12	20%	\$2.00	0%	\$30	20%

While the date of the projected implementation was not specified, it was understood that these prices would be implemented as soon as possible following sufficient public outreach procedures. And, while a formal FTA Title VI fare equity analysis is not required, best-practice is to go through a process whereby changes are noticed publicly in advance of the change with an opportunity for members of the community to potentially provide input prior to implementation.

Service level adjustments notwithstanding, using the Simpson-Curtin fare elasticity rule², the above increases could theoretically translate to the following potential **decreases** in ridership:

Fixed Route	Cash	Monthly	Dial-a-ride	Cash	Monthly
Adult	0%	-8.33%	Adult	-8.33%	-11.11%
Youth	-22.22%	-50.00%	Youth	-8.33%	-11.11%
Senior/Medicare/ ADA	0%	-6.67%	Senior/Medicare/ ADA	0%	-6.67%

However, despite these ridership losses, impact to Farebox revenues is projected to be a net positive. The following table reflects potential revenue **increases** for each mode:

<u>% Change Farebox</u>	<u>Fixed Route</u>		<u>Dial-A-Ride</u>		
	<u>Revenues</u>	Cash	Monthly	Cash	Monthly
Adult	N/a	+15%	+15%	+15%	+19%
Youth	+30%	+25%	+15%	+15%	+19%
Senior/Medicare/ADA	N/a	+12%	N/a	+46%	
Overall Change	+19%	+21%	+10%	+37%	

RECOMMENDATION AND IMPLEMENTATION:

Following this Committee's approval of the recommendation, staff will conduct public outreach regarding fare and service changes. It is anticipated that at least one community outreach event in each City will take place (perhaps agendaed at city council meetings). As well, notices will be publicized using print and social/digital media, on board the vehicles, at community locations (such as, active adult

¹ The Committee also discussed the pending implementation of new electronic farebox reader equipment, which would make it possible for the Valley Express to utilize/accept the regional VCTC fare media. The regional fare media, accepted on Gold Coast, Thousand Oaks and Simi Valley and soon Moorpark has a somewhat different fare structure.

² The Simpson-Curtin Rule of transit fare elasticity states that for every 3% change in fare prices, there is a 1% corresponding change in ridership.

centers, schools, medical facilities, etc.) and at pass sales outlets; which include both Santa Paula and Fillmore city halls, and the Santa Paula Job Career Center and the Valley Express sales office.

As part of the process staff will examine and report to each Committee the timing considerations related to the pending delivery and implementation of the new farebox technology, as well. This new technology will, for example, make it easier to facilitate “10-ride tickets” which could offer an alternative to the existing monthly flash pass and mitigate increases in potential costs, while still achieving a higher per fare payment by the rider.

Staff anticipates that this process will be completed by end of September, which coincides directly with the delivery of the new farebox equipment.³

Attachment(s):

June 5, 2017 HVTAC – Fare Increase Scenarios

³ Following the June 5, 2017 HVTAC meeting, staff met with the farebox vendor and received updated delivery/system implementation information.