

Proposed City of Tucson Fare Policy

Purpose

The City of Tucson's Fare Policy establishes the guidelines for setting and adjusting fares for the public transit system. Along with predictions about transit use throughout the region, the Fare Policy will facilitate the development of long-range fare revenue projections. The Fare Policy includes goals and objectives to support the guiding principles established by the Mayor and Council as part of the Five-Year Strategic Plan. The Fare Policy includes fare payment options, fare structure, target fare box recovery for Sun Tran, Sun Van and Sun Link, requirements for public notice and solicitation of comment, and guidelines for future fare adjustments.

Guiding Principle

In establishing fare levels and fare structure, it is important that the benefit of public transit to the overall community's quality of life be balanced with appropriate user fees. High-quality transit options throughout the community serve to reduce dependence on automobile travel, which enhances mobility and access to desired destinations for all residents, and supports economic vitality while reducing traffic congestion and providing environmental benefits that are shared by users and non-users alike.

Goals and Supporting Objectives

- A. Support the City of Tucson's sustainability and livability goals by encouraging widespread and diverse use of public transit.
 1. Allow for ease of movement between modes operating throughout the metropolitan area including Sun Tran, Sun Shuttle, Sun Van and Sun Link.
 2. Establish an easily understood fare structure, widespread availability of fare media, and convenient options for fare payment.
 3. Use creative pricing strategies to encourage new users, frequent ridership, and long-term ridership.
 4. Minimize barriers to new, occasional and non-resident users.

- B. Maintain the economic viability of the transit system by ensuring that total user fees contribute an appropriate proportion of operating costs.
 1. Support the goal, established in the Five-Year Strategic Plan, of achieving a target farebox recovery ratio of 25 percent on the Sun Tran local bus system.
 2. Use creative pricing strategies to encourage efficient use of transit services, lower the cost of fare collection and promote predictability in the revenue stream.

- C. Promote efficient and effective fare collection and fare pass and media sales.
1. Ensure the financial efficiency and effectiveness of fare collection by minimizing the costs of fare collection and administration, reducing the possibility for fraud and abuse, and expediting the boarding process. Efficiency is defined as the simplest fare payment processes for handling fares and fare media by employees.
- D. Provide for citizen input and oversight of fare policy development and implementation. The Mayor and Council's Transit Task Force shall review the fare structure annually in its public meetings. The review will include:
1. System performance indicators, such as cost per mile, cost per passenger and ridership for all modes. Additional factors impacting the cost of operating the various modes will be reviewed as required.
 2. Evaluation of marketing and communication strategies to promote and educate members of the community about the public transit system.
 3. Progress in achieving ridership goals as provided in the Five-Year Strategic Plan.
 4. Quality and effectiveness of technology and customer service with respect to fare payment and pass sales.
 5. Cost of living and other economic and demographic variables that could affect price elasticity and thus help to predict the financial and ridership impacts of the current fare policy and any proposed changes.
- E. Changes to fare structure and fare strategies shall consider the following customer, community and financial objectives.
1. Establish equitable fares for all transit customer groups, while being mindful of the equity of transit riders and non-riders, all who help support the system.
- F. Ensure that the Regional Marketing Plan provides a strategy to market and communicate the services and benefits of the transit agencies that make up the regional transit system.
1. Pass Products
 - Evaluate current pass product usage and determine through research, evaluation and possible focus groups to implement pilot pass programs.
 2. Volume Discount
 - Additional evaluation and analysis will be done on group volume discount passes. To increase transit operating revenues and increase ridership, a volume discount group pass program or unlimited access pass program should be evaluated. An unlimited access pass program would provide larger groups of people with unlimited ride transit passes in exchange for a contractual payment

by a group's employer or other organizing body. Unlimited access pass programs have proven to be an innovative way for increasing transit operating revenues. Establishing an unlimited access pass program would allow larger organizations such as the University of Arizona and Pima Community College to purchase large volumes of passes for their members at a discounted rate. By purchasing passes in volume, these organizations can pass along the discounted rates to their members.

3. Community Outreach
 - Evaluate community outreach efforts to determine possible events/locations to better market the regional transit systems.
4. Organizational Programs
 - Evaluate current employer subsidy programs and develop a strategy to increase awareness and participation in such programs within the metropolitan area.

Fare Pricing Policy and Structure

The following guiding principles will be considered in the development of fare pricing:

- Fares will be consistent between Sun Tran and Sun Link for ease of use.
- Pricing for Sun Express service will account for the premium service being offered.
- Pricing of period passes will be based on multiples of the single-trip fare (base fare) and will be priced so as to:
 - Encourage their use, which reduces transaction costs for the system and the rider;
 - Provide added benefit to regular riders to encourage increased ridership; and
 - Incentivize larger purchases to encourage ridership and secure the revenue stream.

Multipliers (number of single rides used to calculate the price of a period pass) will provide for a discount that increases with the time period of the pass (i.e., greater savings are available to customers who buy passes for use over a longer period of time).

Based upon the above principles, the Base Fare and all other fares will have the following specific pricing relationships:

1. Single Trip Fares

- Sun Tran/Sun Link One-way Cash Fare (Base Fare)

The Sun Tran/Sun Link one-way cash fare is used as the Base Fare. All other fares are established as a ratio of the Base Fare. The Base Fare will be periodically adjusted (indexed) as described in, **Fare Implementation and Adjustment Guidelines**. Multipliers for period passes may be adjusted and are subject to the same public notice requirements as Base Fare adjustments.

- Sun Express Fare

The Sun Express Fare will be 133 percent of the Sun Tran Base Fare. This ratio is based upon the higher value placed upon this premium service.

- Sun Tran/Sun Link Economy Fare

The Sun Tran/Sun Link Economy Fare will be priced at 33 percent of the Base Fare. The Sun Tran/Sun Link economy fare consists of two programs:

1. City Low-Income Subsidy Program. While not federally mandated to do so, the City enacted this program years earlier to provide additional subsidy from the General Fund to assist qualified persons with low-income. Eligibility requirements can be found at http://www.suntran.com/fares_reduced.php.
2. Half Fare ADA and Senior Program. This program exceeds federal requirements for “Half Fare” for eligible disabled persons, persons with Medicare eligibility and seniors over the age of 65. Eligibility requirements can be found at http://www.suntran.com/fares_reduced.php.

- Sun Van Regular Fare

Sun Van Regular Fare will be twice the Base Fare, which matches the maximum allowable under federal law. This fare is applied to all Americans with Disabilities Act (ADA) paratransit and Optional paratransit services.

Additional evaluation and analysis will be done on the pricing for Optional ADA Service. There is currently no additional fare charged for Optional ADA services provided by Sun Van. Federal regulations do not include a limit regarding fares charged for Optional ADA Service (i.e. service that is above and beyond that of the ADA). Consideration could be given to a change in this fare category to be twice that charged for ADA paratransit trips.

- Sun Van Low-Income Fare

The Sun Van Low-Income fare will be twice the Sun Tran Economy Fare. This matches the additional subsidy provided the City of Tucson to persons with low-income who use Sun Tran.

- Transfers

Transfers within and between Sun Tran, Sun Shuttle and Sun Link will be fare free, and are issued to provide unlimited use of Sun Tran, Sun Shuttle and Sun Link vehicles for a period of two hours from the time of fare payment. Free transfers promote the development of efficient transit networks, support economic activity, enhance mobility, make the system easier for users to understand, lower transaction costs, and minimize conflict between passengers and drivers. *(This is contrary to our current policy that states that transfers can be used only in the same direction during a two hour period – they cannot be used for return trips. This will result in a decrease in revenue flow. Staff will provide information in regards to transfer usage and potential impact on revenue.)*

Transfers from Sun Tran's regular fixed route buses and Sun Link to Sun Express service buses will require an upcharge of the difference between the Base Fare and the Express Fare for Base Fare customers and the difference between the Economy Fare and the Economy Express Fare for Economy customers. *(There is currently not an Economy Express Fare. Express service is considered premium service and there are local service options for those not willing or able to pay the express fare.)*

Additional evaluation and analysis will be done on the use of transfers. Transfer usage realized through the SunGO smart card fare collection system will be monitored to determine the impact the free transfer policy has upon revenue and potential for ridership growth.

- Children Free Fare

Children age five and under when accompanied by a paying passenger riding Sun Tran/Sun Link, will be fare free.

2. Period Passes

(The ratios below match those from staff in the current proposal. Fare Policy Subcommittee members may bring forward an alternative recommendation may be adjusted by task force members at the October 20 fare policy subcommittee)

Period passes are offered to provide convenience to customers and represent a savings that encourages additional ridership, as outlined above. Current period pass pricing ratios are as follows:

- Sun Tran/Sun Link 1-Day Pass

The Sun Tran/Sun Link 1-Day Pass is priced equivalent to 3 trips at the Base Fare.

- Sun Tran/Sun Link 31-Day Pass

The Sun Tran/Sun Link 31-Day Pass is priced equivalent to 36 trips at the Base Fare.

- Sun Express 31-Day Pass

The Sun Express 31-Day pass is priced equivalent to 36 trips of Base Fare.

- Sun Tran/Sun Link Economy 31-Day Pass

The Sun Tran/Sun Link Economy 31-Day Pass is priced equivalent to 36 trips at the single trip Sun Tran/Sun Link Economy Fare.

- University of Arizona (UA)/Pima Community College (PCC) Base Fare Semester Pass

Semester pass for UA or PCC is valid for either the Fall or Spring semester and is priced equivalent to five months use based upon the 31-Day pass ratio of 36 trips at the Base Fare, with an approximate 25 percent discount applied to the price. Semester pass holders can ride Sun

Tran fixed route bus and Sun Link streetcars but will pay an upcharge of the difference between the Base Fare and the Express Fare if transferring to an Express service bus.

- UA/PCC Express Fare Semester Pass

Semester Pass for UA or PCC Express service is valid for either the Fall or Spring semester and is priced equivalent to five months use based upon the 31-Day pass use ratio of 36 trips at the Sun Tran Express Fare, **with an approximate 25 percent discount applied to the price.**

- UA/PCC Annual Base Fare Pass

UA/PCC Annual Base Fare Pass is valid for a period beginning August 1 through July 31 and will be priced equivalent to 12 months use based upon the 31-Day Pass use ratio (36 trips) at the Base Fare, **with an approximate 35 percent discount applied to the price.** UA/PCC annual Base Fare pass holders can ride Sun Tran Fixed Route bus and Sun Link streetcar but will also pay the upcharge of the difference between the Base Fare and the Express Fare if transferring to an Express service bus.

- UA/PCC Annual Express Pass

UA/PCC Annual Express Pass is valid for a period beginning August 1 through July 31 and is priced equivalent to 12 months use based upon the 31-Day pass use ration (36) trips at the Sun Tran Express Fare, **with an approximate 35 percent discount applied.**

- Nonprofit Discount Fares

The City of Tucson fare ordinance includes the provision of discount products to organizations in the Nonprofit Program. These discounts would continue with a Nonprofit Day Pass prices at 50 percent of the Base Fare and Nonprofit 31-Day pass priced equivalent to the Economy 31-Day pass. The Economy ticket is only available to Nonprofit organizations and is only for reduced fare qualified individuals

Media for a Nonprofit Two Ride fare is being developed to be priced equivalent to twice the Sun Tran/Sun Link Economy fare, plus any administrative and media fees assessed per the City's fare ordinance.

Based on the above individual fare pricing policies, the resultant fare structure in shown in Appendix A.

Fare Payment (Fare Payment Options)

Customers can use the following fare payment options on the transit system:

- Smart Card (SunGO Cards and Tickets) on board Sun Tran buses, Sun Express buses, Sun Link streetcar and Sun Shuttle vehicles.

- Cash payment on board Sun Tran buses, Sun Express buses and select Sun Shuttle vehicles. Cash payment is not available on Sun Link vehicles, however 1-Day passes may be purchased at all Sun Link stops..
- Sun Van Electronic Voucher system
- SunGO Cards and Tickets can be purchased online at Sun Tran’s website, at sales outlets, and at each transit center throughout the region using credit or debit cards and cash.

Funding Sources

The predominant funding source used to support public transit operations in the Tucson Metropolitan area comes from the City’s General Fund. Additional funding sources include surrounding jurisdictions, the RTA and corporations through the use of Intergovernmental Agreements (IGA’s).

A portion of funding comes from user fees in the form of fares. Generally expressed as a percentage, farebox recovery, is the farebox revenue collected/operating expenditures. Farebox recovery is influenced by several factors including the overall ridership on the system and the fare structure as outlined in the previous section. To ensure consistent decision-making is applied over time, Sun Tran will:

- Monitor the farebox revenue of each mode annually and present this information during the budget development and review process for the City of Tucson
- Monitor efficiency of the operations of each mode
- Establish route productivity (performance) goals such as passengers per hour and cost per mile
- Target the overall farebox recovery ratio to approximately 25 percent for the Sun Tran local bus system. When the rate drops below this level, route level analysis will be performed and area of potential improvement will be identified for possible corrective action.

Fare Implementation and Adjustment Guidelines

The following guidelines outline the recommended steps for developing, evaluating and implementing fare adjustments:

- Annual review of usage, farebox recovery and other related data should be conducted and reported, with any recommended fare adjustments being made every two years. The two year cycle is intended to give customers time to adjust to any changes implemented and allow time for a complete system analysis of the impact from such changes.
- It is recommended that proposed fares in Appendix A be implemented in FY2015 and subsequent fare adjustments be based upon Base Fare indexing. Projections to Base Fare and fare structure over a ten-year period are provided in Appendix B. The Base Fare adjustments are determined using an elasticity model for ridership growth with a given fare increase, estimated expenses and achieving the 25% fare box recovery. The use of an

industry accepted elasticity modeling process is an effort to estimate the percentage of temporarily lost ridership resulting from a fare increase, while also building in projected ridership growth and increased fare revenues.

- Decisions on the fare pricing structure are made by the City of Tucson City Council with advice from its appointed Transit Task Force. Decisions affecting regional fares are coordinated with the RTA for its board approval, per the Intergovernmental Agreement (IGA).
- Fare changes and consideration of public comments will follow the process outlined in Tucson City Code as shown in Appendix C.