



MAYOR & COUNCIL MEMORANDUM

February 19, 2014

Subject: Proposed Transit Fare Policy (Continued from the meeting of February 4, 2014) (City Wide) Page: 1 of 3

Issue – At today’s Study Session, staff will be presenting a proposed transit fare policy, which provides recommendations on goals, policies, structure and guidelines for future fare adjustments for Sun Tran, Sun Tran Express, Sun Van and Sun Link Streetcar. The proposed transit fare policy follows the guiding principles established by Mayor and Council as part of the Five-Year Strategic Transit Plan.

City Manager’s Office Recommendation – It is respectfully requested that Mayor and Council endorse the fare pricing structure and relationships contained in the proposed transit fare policy and provide input to staff. To provide the highest potential for revenue and the greatest flexibility during the upcoming budget process, staff also recommends initiating the public comment process/Title VI fare equity analysis in March 2014 for proposed transit fares in FY2015 as shown in Attachment B Alternative B.

The public comment process and Title VI analysis for proposed FY2015 transit fares will be conducted in compliance with City approved procedures (City of Tucson Resolution No. 22127, City of Tucson Policy and Procedure for Solicitation and Consideration of Public Comment on Fare Changes and Major Service Changes on Public Transportation) and will be combined with proposed service changes, which will be presented to Mayor and Council at the February 19, 2014 Study Session. Tentative milestones for potential fare and service changes in coordination with the City’s budget process and the required public comment process/Title VI equity analysis are shown in Attachment C.

Background – The goal of developing a system wide transit fare policy, which provides a uniform, fair and equitable fare structure, was identified as a task in the Five-Year Strategic Transit Plan. In addition, Mayor and Council expressed their desire for regular and smaller fare increases to occur, rather than making infrequent and larger fare increases over time, and for the increases to be tied to a quantitative measure or measures. A farebox recovery ratio of 25% for Sun Tran was established by Mayor and Council as a guiding principle for the development of the fare policy. Currently, transit fare revenue for FY2014 is estimated at \$13.4 million, which results in a 22.8% farebox recovery ratio.

The Transit Task Force started the process of developing a fare policy in January 2013. A draft fare policy was provided to Mayor and Council at the March 27, 2013 Mayor and Council Study Session. A comparison of 12 peer transit agencies showed that Sun Tran rated near the lowest in average fare per boarding and below average in fare recovery. An example of changes to the fare structure over 10 years was provided to Mayor and Council at the April 23, 2013 Mayor and Council Study Session. The proposed transit fare policy, which is provided in Attachment A, was approved by the Transit Task Force at their meeting on December 16, 2013.

SS/FEB19-14-38(2)

Present Consideration –The proposed fare policy would apply to Sun Tran, Sun Tran Express, Sun Van and Sun Link Streetcar. For seamlessness, consistent fares between Sun Tran and Sun Link are recommended. The overall fare structure is organized around a base fare, which is the focal point from which all other transit fares are priced based on ratios. Using multipliers, period passes for a specific period of time (e.g., 30 days, semester, annual) are offered and priced to provide convenience and savings to long term customers. Adjustments to the base fare are recommended every two years and indexed to ridership growth and elasticity, estimated expenses and achieving a 25% farebox recovery goal. The proposed fare policy also provides recommended steps for developing, evaluating and implementing fare adjustments every two years. Projected fares over ten years are provided in the proposed fare policy. A listing of fare policy items for future analysis and consideration is also provided.

Fare Implementation Scenarios

Based on the proposed fare pricing structure, two fare implementation scenarios were developed by staff and reviewed by the Transit Task Force. In the first scenario, as shown in Appendices A and B, fares would be changed to reflect the Transit Task Force recommended changes to fare structure in FY2015. The second scenario, Alternative Fare Structure A, as shown in appendices C and D, would change the fares to the Transit Task Force recommended fare structure and increase the base fare by \$0.25 in FY2015. The Transit Task Force recognized the need for Mayor and Council to have revenue flexibility during the upcoming budget process and did not recommend a specific fare implementation scenario.

In addition to the two implementation scenarios developed for the Transit Task Force, staff is recommending a third implementation scenario, which would maximize the potential revenue for funding transit services and help to achieve General Fund target budget goals during the budget process. This third scenario, Alternative Fare Structure B as shown in Attachment B, builds on the Transit Task Force scenarios by modifying Alternative Fare Structure A with a staff recommendation for a phased increase in the economy fare to the base fare ratio from 33% to 50% over a six-year period.

Financial Considerations – The three implementation scenarios are estimated to generate the following revenue and fare box recovery in FY2015:

Implementation Scenario	Estimated Additional Annual Revenue (FY2015)	Estimated Farebox Recovery (FY2015)
Proposed Fare Structure	\$893,335	23.1%
Alternative A (Proposed Fare Structure With Base Fare Increase \$0.25 in FY15)	\$2,228,132	25.3%
Alternative B (Alternative A with Economy Fare to 50% of Base Over 6 Years)*	\$2,405,647	25.6%

* Over six years, Alternative B is estimated to provide an additional \$4.2 million in revenue.

During the FY2015 budget process, staff is recommending a target budget goal of \$40.7 million for General Fund investment in the Mass Transit Fund Operating Budget. Based on this target budget goal and future financial forecasts, an initial estimate of approximately \$6 million in additional revenue and/or reduced costs will be needed to achieve this target budget goal. Lacking the needed additional revenue and/or reduced costs achieved primarily by service reductions, the General Fund investment in the Mass Transit Fund will need to be increased.

Mayor and Council approval of fares for FY2015 is expected to occur in June 2014 after Mayor and Council have had the opportunity to take into account public comment and the Title VI fare and service equity analysis on potential fare and service changes and to consider different combinations of revenue and cost options to achieve the General Fund target budget goal for the Mass Transit Fund.

The third implementation scenario expands upon and is inclusive of the other two implementation scenarios, which feature smaller fare increases. With the third scenario as the basis for the public comment and Title VI fare equity analysis, Mayor and Council will have the ability to approve any of the three scenarios for implementation in FY2015 without the need for conducting another public comment process/Title VI fare and service equity analysis. As a result of the higher potential revenue and greater flexibility in this scenario, staff recommends conducting the public comment process and Title VI fare equity analysis based on proposed fares in the third scenario (as shown in Attachment B Alternative B).

Legal Considerations – None.

Respectfully submitted,



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AE/DarylCole/CD/ts
Transportation

Attachments: A. Proposed City of Tucson Transit Fare Policy
B. Phase-In Option Economy Fare to 50% of Base Fare Over 6 Years
C. FY2014/15 Mass Transit Service and Fare Changes (Tentative Milestones)
D. Power Point Presentation

Proposed City of Tucson Fare Policy

I. Purpose

The City of Tucson's Fare Policy establishes the guidelines for setting and adjusting fares for the transit system and is intended to provide a long range sustainable fare revenue projection. The Fare Policy includes goals and objectives established to meet guiding principles established by the Mayor and Council as part of the Five-Year Strategic Plan. The Fare Policy includes fare goals, fare payment options, fare structure, Sun Tran farebox recovery ratio, and requirements for public notice and solicitation of comment, and guidelines for future fare adjustments. Properly priced fares will enable the City to address demand of the existing customer base and associated future growth.

II. Principles

In establishing fare levels, it is important that the benefit of transit service to the overall community quality of life be balanced with appropriate user fees. A transit service throughout the community serves to improve the quality of life for all residents, to support economic vitality, to reduce traffic congestion and to provide environmental benefits shared by users and non-users alike. Goals established in the Five-Year Strategic Plan include: maintaining a farebox recovery ratio of 25% on the Sun Tran local bus system, increasing ridership, and continually operating the system in the most efficient and effective manner without harming the integrity of the core system.

The fare structure should be easily understandable by the user, and facilitate seamless travel and fare collection between all modes operating throughout the metropolitan area (including Sun Shuttle and the Downtown Loop and the upcoming SunLink streetcar). Fare payment methods should allow for ease of movement through the system, increase the efficiency of the fare revenue collection process and eliminate the possibility of fraud and abuse. The fare structure should be priced to ensure the total fare revenue stream is at an appropriate level to meet the economic needs of the system.

FTA regulatory compliance is also a key component in setting and adjusting the fare structure. Prior to any change in fare structure a fare equity analysis will be completed as required by Title VI/Environmental Justice.

The Transit Tasks Force's annual review of the fare structure will include: review system performance indicators, such as cost per mile, cost per passenger, and route ridership for all modes. The Transit Task Force will also review peer systems comparisons to evaluate system effectiveness and consider budgetary costs or revenue loss outside the City of Tucson's control.

III. Objectives

Changes to fare structure and fare strategies shall consider the following customer, community and financial objectives:

- Support the City's sustainability and livability goals by encouraging public transit use by establishing an easily understood fare structure, widespread fare media availability, and convenient fare payment options.

- 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.
- Ensure the financial efficiency and effectiveness of fare collection by minimizing the costs of fare collection and administration, eliminating the possibility for fraud and abuse, and expediting the boarding process. Efficiency is defined as the simplest fare payment processes possible for customers that take into account the least labor intensive processes for handling fares and fare media by employees.

IV. Fare Payment (Fare Payment Options)

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

- Smart Card (SunGo Card and Tickets) on board Sun Tran buses and Sun Link streetcars
- Cash payment on board Sun Tran buses and at the Sun Link stops
- Sun Van Electronic Voucher system

To provide convenient fare payment and to expedite boarding, SunGo Card and Tickets can be purchased on-line and at retail point of sales throughout the region.

V. Fare Pricing Policy and Structure

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

- Fares will be consistent between Sun Tran and Sun Link for ease of use
- Pricing for Sun Tran Express service will account for the premium service being offered.
- Pricing of period passes will be based on 36 rides for 30 day passes, 4 rides for day passes, 180 rides for semester passes, and 432 rides for annual passes, and may provide a discount to encourage long term ridership
- The overall fare structure is organized around the Base Fare, which will be the focal point from which all other fares within the transit system are priced.

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, based upon multipliers of 36 rides for 30 passes, 4 rides for day passes, 180 rides for semester passes, and 432 rides for annual passes. The Base Fare will be periodically adjusted (indexed) as described in section VII, Fare Implementation and Adjustment Guidelines.

- Sun Tran Express Fare
The Sun Tran Express Fare will be 150% 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% 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 many years ago to provide additional subsidy from the General Fund to assist qualified persons with low income.
 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.
- Sun Van Regular Fare
The Sun Van Regular Fare will be twice the Base Fare, which matches the maximum allowable under federal law. This fare is applied to all ADA paratransit and Optional Paratransit services.
- Sun Van Low Income Fare
The Sun Van Low Income fare will be 33% of the Sun Van Regular Fare. This matches the additional subsidy provided by the City to persons with low incomes aboard Sun Tran.
- Transfers
Transfers within and between Sun Tran and Sun Link will be fare free, and are issued to provide the use of up to two additional buses to complete a trip in one direction within a two hour time frame. Transfers from Sun Tran’s regular fixed route buses and Sun Link to 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 Express Fare for Economy customers.
- Downtown Circulator
The Downtown Circulator will be fare free, based upon 50% of operating costs recovered through federal grants.
- 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

Period passes are offered to provide convenience to customers and represent a savings that encourages additional ridership. The pricing structure for Period Passes is based upon 36 single

trips (or 18 round trips) with no further discount applied. The rationale for this policy is taken from AC Transit Board Policy 328, which concluded from its fare structure study of 2010 that the national median usage of the regular 31-day pass was 36 trips.

- Sun Tran/Sun Link Day Pass
The Sun Tran/Sun Link Day Pass will be priced equivalent to four trips at the Base Fare. The equivalent trip count is based upon historical usage of four trips per pass period.
- Sun Tran/Sun Link Thirty-Day Pass
The Sun Tran/Sun Link Thirty-Day Pass will be priced equivalent to 36 trips at the Base Fare.
- Sun Tran Express Thirty-Day Pass
The Sun Tran Express Thirty-Day Pass will be priced equivalent to 36 trips at the price of a single trip Express Bus Fare.
- Sun Tran/Sun Link Economy Thirty-Day Pass
The Sun Tran/Sun Link Economy Thirty-Day Pass will be priced equivalent to 36 trips at the single trip Sun Tran/Sun Link Economy Fare.
- UA/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 thirty-day pass use ratio of 36 trips at the Base Fare, with an approximate 15% discount applied to the price. Semester pass holders can ride Sun Tran local bus and Sun Link streetcars but will pay the upcharge of the difference between the Base Fare and the Express Fare Express Upcharge 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 will be priced equivalent to five months use based upon the thirty-day pass use ratio of 36 trips) at the Sun Tran Express Fare, with an approximate 15% discount applied to the price.
- UA Annual Base Fare Pass
UA Annual Base Fare Pass is valid for a period beginning with the Fall semester through the end of the Spring semester and will be priced equivalent to 12 months use based upon the thirty-day pass use ratio (36 trips) at the Base Fare, with an approximate 20% discount applied to the price. UA Annual Base Fare pass holders can ride Sun Tran local 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 Annual Express Pass**
UA Annual Express Pass is valid for a period beginning with the Fall semester through the end of the Spring semester and is priced equivalent to 12 months use based upon the thirty-day pass use ratio (36 trips) at the Sun Tran Express Fare, with an approximate 20% 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 priced at 50% of the Base Fare and Nonprofit Thirty-Day Pass priced equivalent to the Economy Thirty-Day Pass. 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.
- **Other Charges**
The City of Tucson fare ordinance includes the provision of discount products to organizations in the Nonprofit Program.

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

VI. Farebox Recovery

The predominant funding source used to support public transit operations in the Tucson metropolitan area comes from the 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. Farebox return, which is the farebox revenue collected/operating expenditures, 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% for the Sun Tran local bus system. When the rate drops below this level, route level analysis will be performed and areas of potential improvement will be identified for possible corrective action.

VII. 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 fare with discount as shown in Appendix A be implemented in FY15 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 indexed to an elasticity model for ridership growth, estimated expenses and achieving the 25% farebox 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.
- An implementation scenario which adjusts the fares based on the recommended fare policy and structure and increases the Base Fare by \$0.25 in FY15 is show in Appendix C. Fare projections for this implementation scenario over a ten-year period are provided in Appendix D.
- 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 E.

VIII. Future Considerations

- 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 of the impact of free transfer policy have upon revenue and potential for ridership growth. Dependent upon this review, staff may recommend transfers be eliminated with a new Economy Day Pass to be offered instead or there could be a fare charged for transfers.
- 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.
- 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 UA and Pima Community College (PCC) 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.

Attachments:

1. Appendix A, Proposed Fare Structure
2. Appendix B, Proposed Fare Structure, 10 Year Projection
3. Appendix C, Proposed Fare Structure with \$0.25 Base Fare Increase
4. Appendix D, Proposed Fare Structure with \$0.25 Base Fare Increase, 10 Year Projection
5. Appendix E, City of Tucson Policy and Procedure for Solicitation and Consideration of Public Comment on Fare Changes and Major Service Changes on Public Transportation

Attachment A
Appendix A
Proposed Fare Structure

PROPOSED FARE STRUCTURE

CURRENT BASE FARE, ECONOMY 33% OF BASE, EXPRESS 150% OF BASE

	CURRENT FY 2014	RATIO TO BASE FARE		PROPOSED PRICING POLICY FY 2015	DISCOUNT	PROPOSED FARE WITH DISCOUNT FY 2015
		CURRENT	PROPOSED			
SUN TRAN FARES						
SINGLE TRIP FARES						
BASE FARE	1.50	1.00	1.00	1.50	0.00	1.50
ECONOMY FARE	0.50	0.33	0.33	0.50	0.00	0.50
EXPRESS FARE	2.00	1.33	1.50	2.25	0.00	2.25
UP-CHARGE-EXPRESS FARE	0.50			0.75	0.00	0.75
UP-CHARGE-ECONOMY TO EXPRESS FARE	1.50			1.75	0.00	1.75
		RATIO TO BASE FARE				
		CURRENT	PROPOSED			
PERIOD PASSES						
DAY PASS	3.50	2.33	4.00	6.00	15.00%	5.10
30 DAY PASS	42.00	28.00	36.00	54.00	0.00%	54.00
ECONOMY 30 DAY PASS	15.00	30.00	36.00	18.00	0.00%	18.00
EXPRESS 30 DAY PASS	56.00	28.00	36.00	81.00	0.00%	81.00
UA/PCC BASE FARE SEMESTER PASS	173.00	115.00	180.00	270.00	15.00%	230.00
UA/PCC SEMESTER EXPRESS PASS	230.00	115.00	180.00	405.00	15.00%	345.00
UA ANNUAL BASE FARE PASS	413.00	275.00	432.00	648.00	20.00%	518.00
UA ANNUAL EXPRESS PASS	550.00	275.00	432.00	972.00	20.00%	778.00
SUN VAN FARES						
REGULAR FARES						
ONE WAY	3.00	2.00	2.00	3.00		3.00
ROUND TRIP	6.00	4.00	4.00	6.00		6.00
LOW INCOME FARES						
ONE WAY	1.00	2.00	2.00	1.00		1.00
ROUND TRIP	2.00	4.00	4.00	2.00		2.00

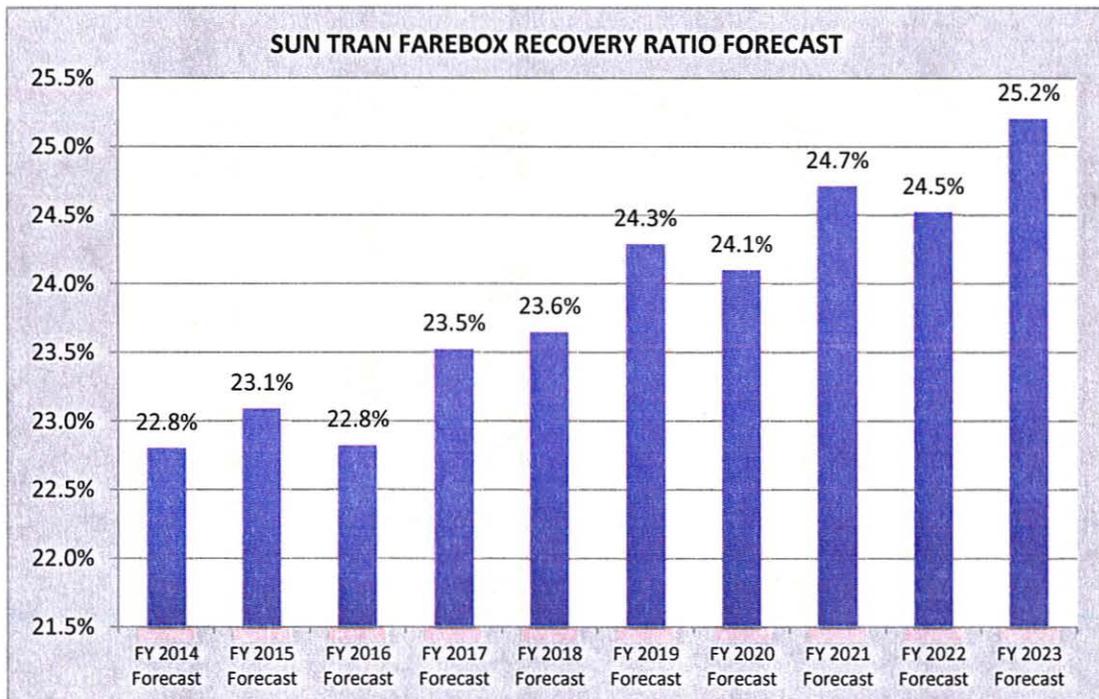
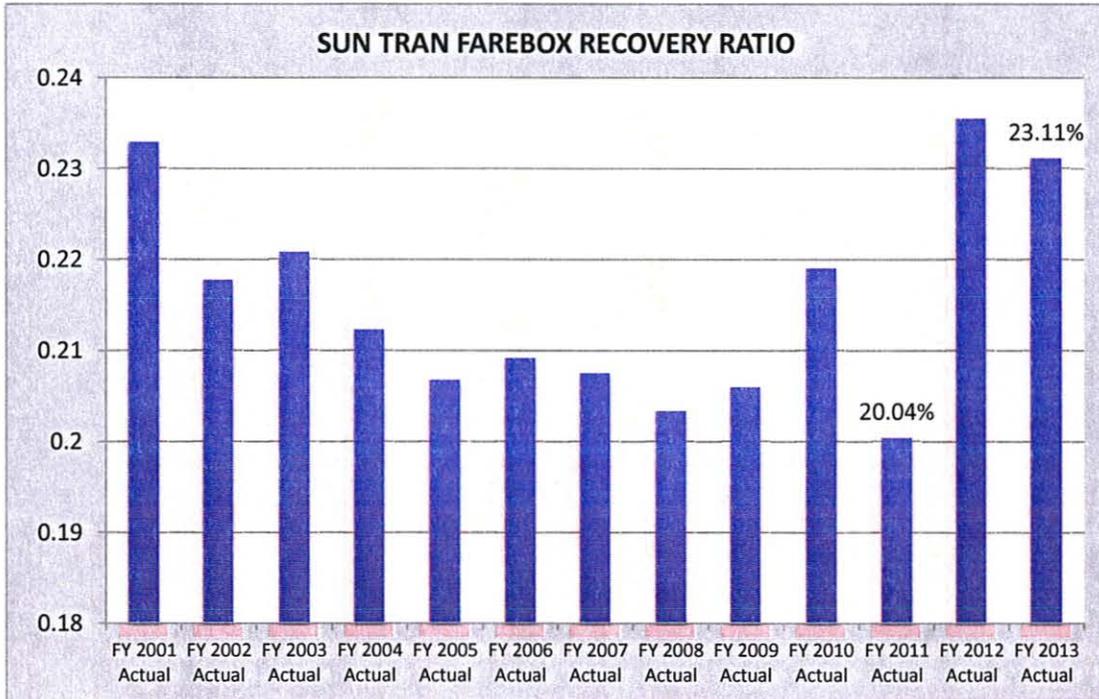
FAREBOX REVENUE 14,112,535
CHANGE FROM PREVIOUS YEAR 893,335

- No change in base fare
- Increase day pass multiplier to 4
- Increase period pass multiplier to 36 per month
- Day pass, semester pass discount 15%
- Annual pass discount 20%
- 4% increase in all fares in 2017, 2019, 2021, 2023, 2025
- 2.2% annual growth rate

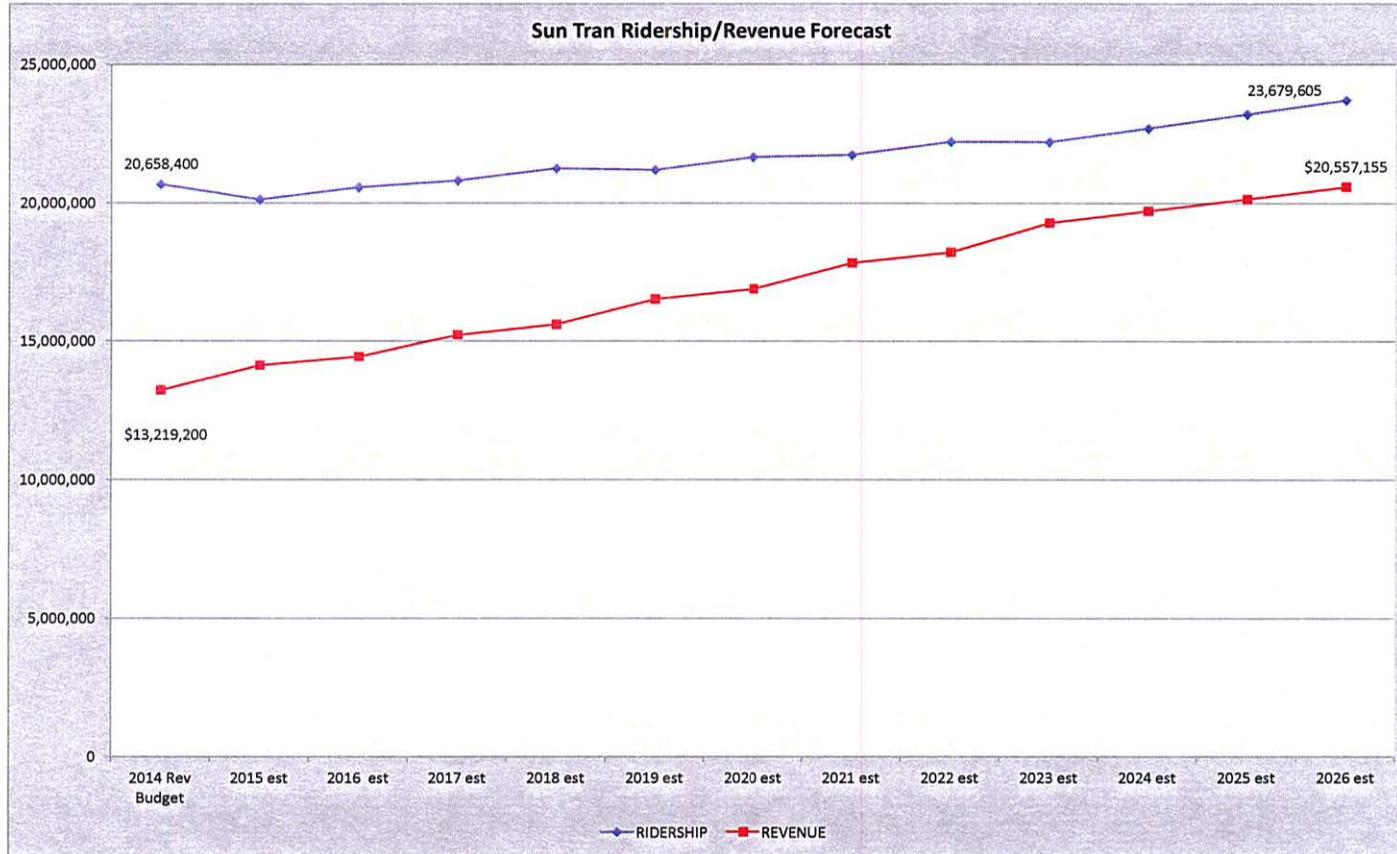
Attachment A
Appendix B
Proposed Fare Structure
10 Year Projection

FARE ADJUSTMENTS 10-YEAR PROJECTION					
CURRENT BASE FARE, ECONOMY 33% OF BASE, EXPRESS 150% OF BASE					
	FY 2017	FY 2019	FY 2021	FY 2023	FY 2025
SUN TRAN FARES	4% INCREASE				
SINGLE TRIP FARES					
BASE FARE	1.60	1.70	1.80	1.90	2.00
ECONOMY FARE	0.50	0.55	0.60	0.65	0.70
EXPRESS FARE	2.40	2.55	2.70	2.85	3.00
UP-CHARGE-EXPRESS FARE	0.80	0.85	0.90	0.95	1.00
UP-CHARGE-ECONOMY TO EXPRESS FARE	1.90	2.00	2.10	2.20	2.30
PERIOD PASSES					
DAY PASS	5.45	5.75	6.00	6.50	6.80
30 DAY PASS	58.00	61.00	65.00	68.00	72.00
ECONOMY 30 DAY PASS	18.00	20.00	21.00	23.00	25.00
EXPRESS 30 DAY PASS	86.00	92.00	97.00	102.00	108.00
UA/PCC BASE FARE SEMESTER PASS	245.00	261.00	275.00	292.00	306.00
UA/PCC SEMESTER EXPRESS PASS	368.00	390.00	413.00	435.00	459.00
UA ANNUAL BASE FARE PASS	553.00	589.00	623.00	658.00	691.00
UA ANNUAL EXPRESS PASS	830.00	880.00	934.00	984.00	1037.00
SUN VAN FARES					
REGULAR FARES					
ONE WAY	3.20	3.40	3.60	3.80	4.00
ROUND TRIP	6.40	6.80	7.20	7.60	8.00
LOW INCOME FARES					
ONE WAY	1.00	1.10	1.20	1.30	1.40
ROUND TRIP	2.00	2.20	2.40	2.60	2.80

Attachment A
 Appendix B
 Proposed Fare Structure
 10 Year Projection



Attachment A
Appendix B
Proposed Fare Structure
10 Year Projection



Attachment A
Appendix C
Proposed Fare Structure with \$0.25 Base Fare Increase

ALTERNATIVE FARE STRUCTURE A						
Proposed Fare Structure With Base Fare Increase \$0.25 in FY15						
	CURRENT	RATIO TO BASE FARE		PROPOSED PRICING POLICY	DISCOUNT	PROPOSED FARE WITH DISCOUNT
SUN TRAN FARES	FY 2014	CURRENT	PROPOSED	FY 2015		FY 2015
SINGLE TRIP FARES						
BASE FARE	1.50	1.00	1.00	1.75	0.00	1.75
ECONOMY FARE	0.50	0.33	0.34	0.60	0.00	0.60
EXPRESS FARE	2.00	1.33	1.50	2.65	0.00	2.65
UP-CHARGE-EXPRESS FARE	0.50			0.90	0.00	0.90
UP-CHARGE-ECONOMY TO EXPRESS FARE	1.50			2.05	0.00	2.05
		RATIO TO BASE FARE				
		CURRENT	PROPOSED			
PERIOD PASSES						
DAY PASS	3.50	2.33	4.00	7.00	15.00%	6.00
30 DAY PASS	42.00	28.00	36.00	63.00	0.00%	63.00
ECONOMY 30 DAY PASS	15.00	30.00	36.00	21.60	0.00%	21.00
EXPRESS 30 DAY PASS	56.00	28.00	36.00	95.40	0.00%	96.00
UA/PCC BASE FARE SEMESTER PASS	173.00	115.00	180.00	315.00	15.00%	268.00
UA/PCC SEMESTER EXPRESS PASS	230.00	115.00	180.00	477.00	15.00%	405.00
UA ANNUAL BASE FARE PASS	413.00	275.00	432.00	756.00	20.00%	605.00
UA ANNUAL EXPRESS PASS	550.00	275.00	432.00	1144.80	20.00%	915.00
SUN VAN FARES						
REGULAR FARES						
ONE WAY	3.00	2.00	2.00	3.50		3.50
ROUND TRIP	6.00	4.00	4.00	7.00		7.00
LOW INCOME FARES						
ONE WAY	1.00	2.00	2.00	1.20		1.20
ROUND TRIP	2.00	4.00	4.00	2.40		2.40

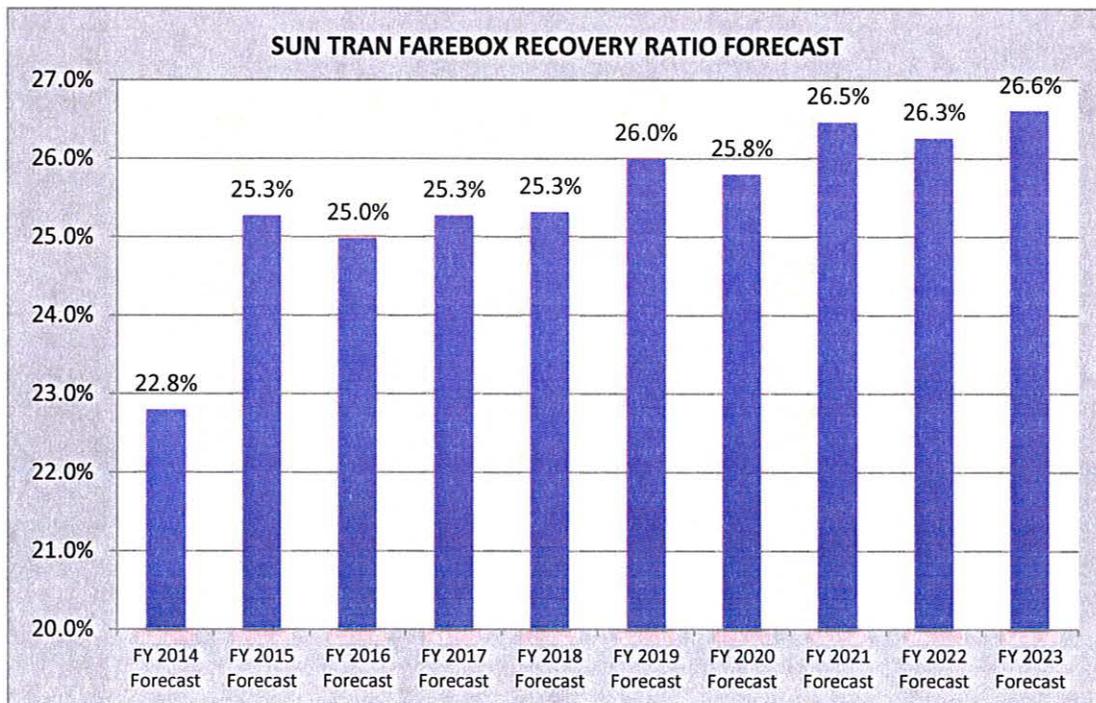
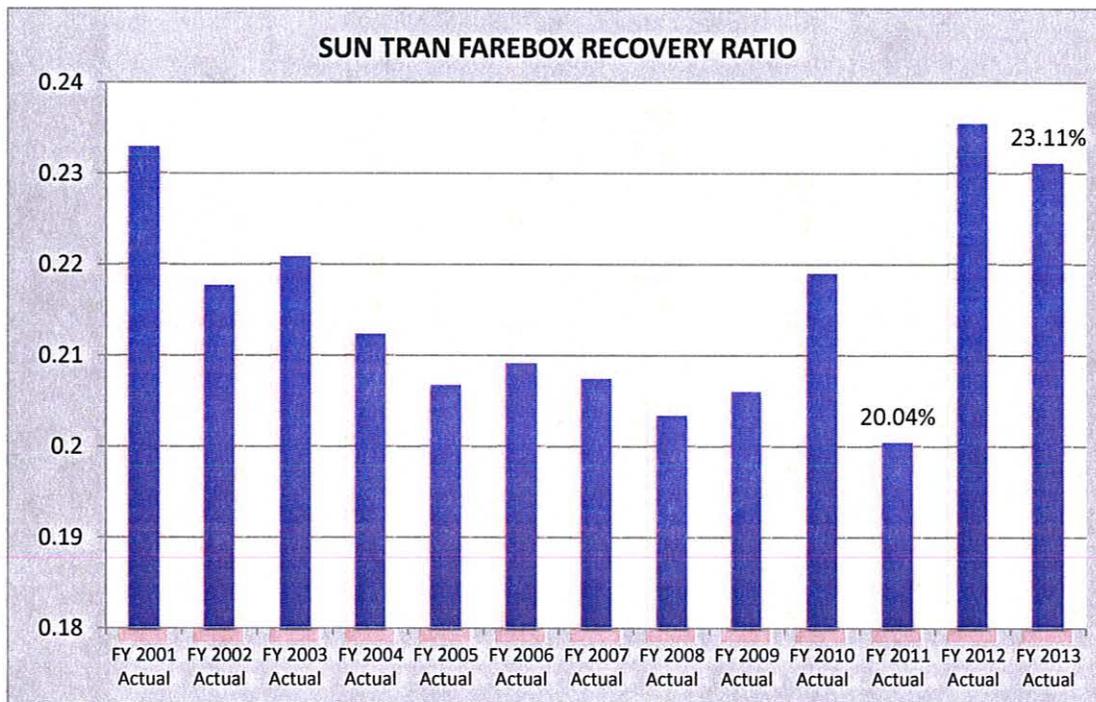
FAREBOX REVENUE	15,447,332
CHANGE FROM PREVIOUS YEAR	2,228,132

- Increase Base Fare to \$1.75
- Increase day pass multiplier to 4
- Increase period pass multiplier to 36 per month
- Day pass, semester pass discount 15%
- Annual pass discount 20%
- 4% increase in all fares in 2017, 2019, 2021, 2023, 2025
- 2.2% annual growth rate

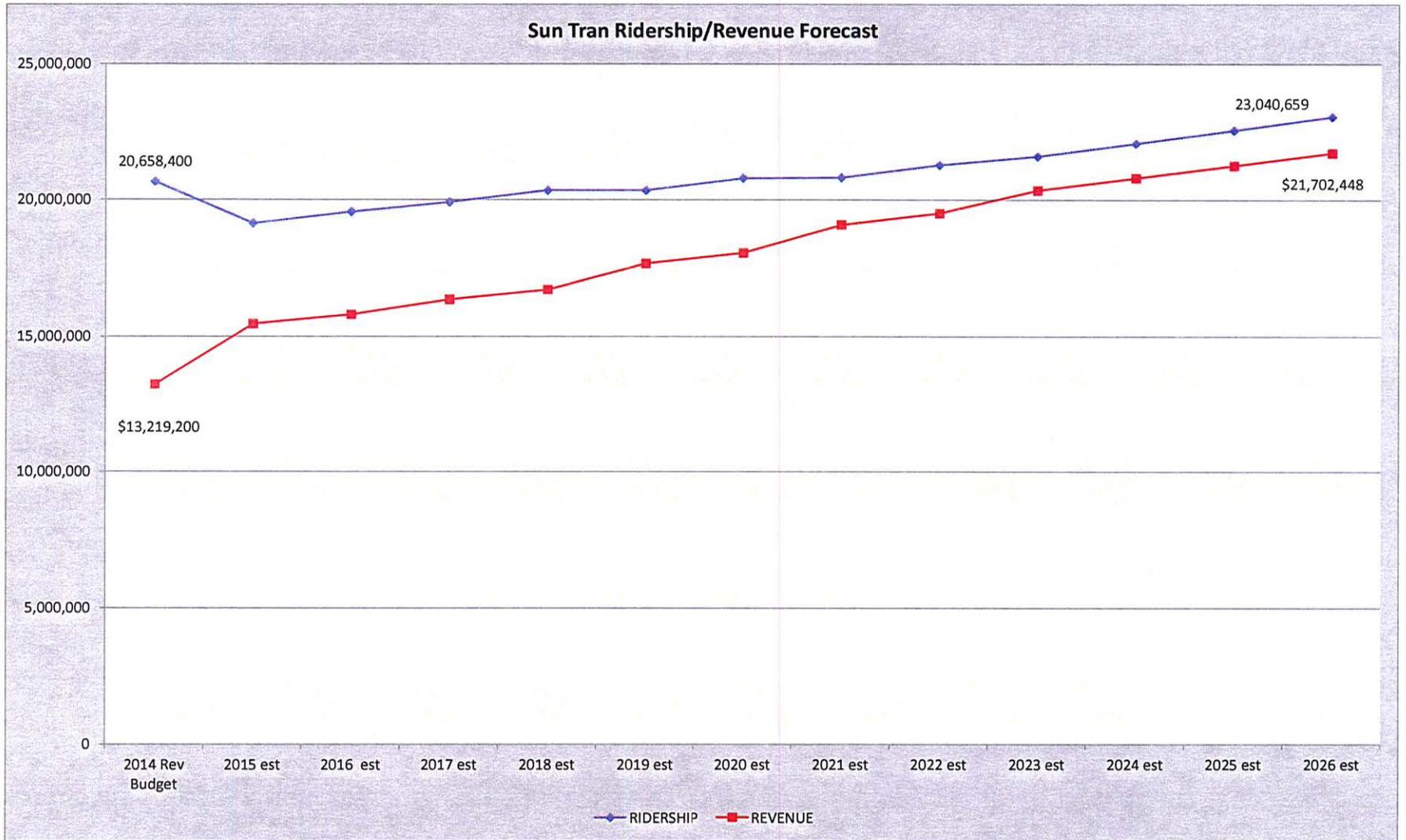
Attachment A
Appendix D
Proposed Fare Structure with \$0.25 Base Fare Increase
10 Year Projection

ALTERNATIVE FARE STRUCTURE A, 10-YEAR PROJECTION					
Proposed Fare Structure With Base Fare Increase \$0.25 in FY15					
	FY 2017	FY 2019	FY 2021	FY 2023	FY 2025
SUN TRAN FARES	4% INCREASE				
SINGLE TRIP FARES					
BASE FARE	1.80	1.90	2.00	2.10	2.20
ECONOMY FARE	0.60	0.65	0.70	0.70	0.75
EXPRESS FARE	2.70	2.85	3.00	3.15	3.30
UP-CHARGE-EXPRESS FARE	0.90	0.95	1.00	1.05	1.10
UP-CHARGE-ECONOMY TO EXPRESS FARE	2.10	2.20	2.30	2.45	2.55
PERIOD PASSES					
DAY PASS	6.10	6.40	6.90	7.20	7.40
30 DAY PASS	65.00	68.50	72.00	75.00	80.00
ECONOMY 30 DAY PASS	21.00	23.00	25.00	25.00	27.00
EXPRESS 30 DAY PASS	97.00	103.00	108.00	113.00	119.00
UA/PCC BASE FARE SEMESTER PASS	275.00	291.00	305.00	321.00	337.00
UA/PCC SEMESTER EXPRESS PASS	413.00	436.00	458.00	482.00	505.00
UA ANNUAL BASE FARE PASS	622.00	657.00	690.00	725.00	760.00
UA ANNUAL EXPRESS PASS	933.00	986.00	1036.00	1088.00	1142.00
SUN VAN FARES					
REGULAR FARES					
ONE WAY	3.60	3.80	4.00	4.20	4.40
ROUND TRIP	7.20	7.60	8.00	8.40	8.80
LOW INCOME FARES					
ONE WAY	1.20	1.30	1.40	1.40	1.50
ROUND TRIP	2.40	2.60	2.80	2.80	3.00

Attachment A
Appendix D
Proposed Fare Structure with \$0.25 Base Fare Increase
10 Year Projection



Attachment A
Appendix D
Proposed Fare Structure with \$.025 Base Fare Increase
10 Year Projection



City of Tucson Policy and Procedure for Solicitation and Consideration of Public Comment on Fare Changes and Major Service Changes on Public Transportation

I. Purpose of the Policy:

The Federal Transit Administration (FTA) Circular 4702.1B, "*Title VI Requirements and Guidelines for Federal Transit Administration Recipients*" (effective October 1, 2012) requires that all FTA recipients who operate 50 or more fixed route vehicles in peak service and serve a population of 200,000 or greater, evaluate any fare change or any major service change, during the planning and programming stages.

When planning fare changes or major services changes, the City of Tucson shall consider if any adverse effect would occur as a result of the fare change or major service change. The City of Tucson shall consider the degree of adverse effects (if any), analyze those effects, and discuss any necessary minimization and/or mitigation that need to be considered as a result of the proposed fare change or major service change.

The Fare Change and Major Service Change Policy defines thresholds for determining whether potential fare and major service changes will have an adverse effect based on possible:

- Disparate impact(s) (as determined by an analysis of race, color, or national origin within the service area); or
- Disproportionate burden(s) (as determined by an analysis of low-income populations within the service area).

II. Policy Statement:

It is the policy of the City of Tucson to solicit and consider public comment from private transportation providers, private citizens, appropriate boards, committees and commissions before implementing fare changes and/or major service changes pursuant to the City of Tucson's public transportation system. To this end, the Mayor and Council have adopted the following citizen participation related public hearing policies and procedures.

III. Requirements:

a) Fare Changes:

A public hearing must be held if there is any fare change to any of the public transportation modes (e.g. Sun Tran, Sun Van, or Sun Link). For changes to existing transit fares, the FTA requires all City of Tucson transit providers (e.g. Sun Tran, Sun Van, and Sun Link) to conduct a Fare Equity Analysis for all proposed fare changes.

b) Major Service Changes:

A public hearing must be held if there is any major service change to any of the public transportation modes (e.g. Sun Tran, Sun Van, or Sun Link).

For all major service changes, the FTA requires all City of Tucson transit providers (e.g. Sun Tran, Sun Van, and Sun Link) to develop guidelines and thresholds for what it considers a “major” service change to be. For major service changes, the FTA requires the City of Tucson to conduct a Service Equity Analysis, which includes an analysis of adverse effects relating to possible disparate impacts and disproportionate burden. It is the City of Tucson’s policy to conduct a Service Equity Analysis for any proposed major service changes.

The following is considered a major service change (unless otherwise noted under “Exemptions”), and will be evaluated in accordance with the regulatory requirements set forth in FTA Circular 4702.1B:

A major service change (thresholds) is defined as any change in service that would add or eliminate more than:

1. Twenty-five percent (25%) or more of the route revenue miles on any individual route; or
2. Twenty-five percent (25%) or more of the route revenue hours on any individual route; or
3. Twenty-five percent (25%) or more of the ridership on any individual route (based on the most recent route survey or sample)

Exemptions

The major service change thresholds *exclude* any changes to service that are caused by the following:

- Initiation/Discontinuance of Temporary or Demonstration Services - The initiation or discontinuance of a temporary transit service or demonstration service that will be or has been in effect for less than one year.
- Initiation/Discontinuance of any Promotional Fares
- Natural or Catastrophic Disasters - Forces of nature such as earthquakes, wildfires, or other natural disasters or human-caused catastrophic disasters that may force the suspension of transit service for public safety or technical events.
- Temporary Route Detours – A short-term change to a route caused by road construction, routine road maintenance, road closures, emergency road conditions, fiscal crisis, civil demonstrations, or any uncontrollable circumstance.

c) Public Notice Requirements:

Prior to the implementation of any fare change or major service change that falls within the levels established above, notices of public hearing will be published in the newspaper of general circulation in the urbanized area. Two

notices will be published at least thirty (30) days prior to the hearing and the second one at least five (5) days prior to the hearing. The notices will contain the description of the contemplated fare change or major service change, as appropriate, and the time and place of the hearing. Public transportation users will be notified through placards or notices on the vehicles, all outlets selling bus passes, and all transit centers. Any interested citizen may address the governing body related to the proposed fare change or major service change.

d) **Applicability to Third-Party Contract Recipients:**

Any agency, firm, or governmental jurisdiction which operates public transit service within the Tucson urbanized area, utilizing FTA funds provided through the City of Tucson shall follow the above process to solicit and consider public comment prior to any fare change or major service change.

IV. Definitions:

Adverse Effects - The City of Tucson shall define and analyze adverse effects related to major changes in transit service. Adverse effects are measured by the change between the existing and proposed service levels that would be deemed significant. Changes in service that have an adverse effect and that may result in a disparate impact include reductions in service (e.g., elimination of route, shortlining a route, rerouting an existing route, increase in headways).

Elimination of a route will generally have a greater adverse impact than a change in headways. Additions to service may also result in disparate impacts, especially if they come at the expense of reductions in service on other routes.

Disparate Impact – Refers to a facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where City of Tucson’s policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin.

Disproportionate Burden – Refers to a neutral policy or practice that disproportionately affects low-income populations more than non-low-income populations. A finding of disproportionate burden requires the City of Tucson to evaluate alternatives and mitigate burdens where practicable.

Low-Income Person - Means a person whose median household income is at or below the U.S. Department of Health and Human Services (HHS) poverty guidelines.

Minority Population – means any readily identifiable group of minority persons who live in geographic proximity and, if circumstances warrant, geographically dispersed/transient populations (such as migrant workers or Native Americans) who will be similarly affected by a proposed DOT program, policy, or activity.

Predominantly Minority Area - Means a geographic area, such as a neighborhood, Census tract, block or block group, or traffic analysis zone, where the proportion of minority persons residing in that area exceeds the average proportion of minority persons in the recipient's service area.

V. Policies:

a) **Fare Change Policy**

For changes to existing transit fares, the FTA requires all City of Tucson (e.g. Sun Tran, Sun Van, and Sun Link) transit providers to conduct a fare equity analysis for all potential transit fare adjustments. It is the City of Tucson's policy to conduct a Fare Equity Analysis for all proposed fare changes.

b) **Major Service Change Policy**

For all major service changes, the FTA requires all City of Tucson transit providers (e.g. Sun Tran, Sun Van, and Sun Link) to develop guidelines and thresholds for what it considers a "major" service change to be. For major service changes, the FTA requires the City of Tucson to conduct a Service Equity Analysis, which includes an analysis of adverse effects relating to possible disparate impacts and disproportionate burden. It is the City of Tucson's policy to conduct a Service Equity Analysis for any proposed major service changes.

c) **Disparate Impact Policy**

The purpose of the Disparate Impact Policy is to establish a threshold which identifies when adverse effects of any fare change or major service change that is borne disproportionately by minority populations.

For the purpose of this policy, minority population means any readily identifiable group of minority persons who live in geographic proximity and in residential land use areas within Census tracts where the percentage of minority persons is higher than the Sun Tran service area average.

A disparate impact occurs if a proposed fare or major service change requires a minority population to bear adverse effects by twenty percent (20%) or more than the adverse effects borne by the non-minority population.

If the City of Tucson finds a potential disparate impact, the transit agency will take steps to avoid, minimize or mitigate impacts then re-analyze the modified service plan to determine whether the impacts were avoided, minimized or mitigated. If the City of Tucson chooses not to alter the proposed changes, the transit agency may implement the fare or service change if there is substantial legitimate justification for the change and the transit agency can show that there are no alternatives that would have less of an impact on the minority population and would still accomplish the agency's legitimate program goals.

d) **Disproportionate Burden Policy**

The purpose of this policy is to establish a threshold which identifies when adverse effects of any fare or major service change are borne disproportionately by low-income populations.

A disproportionate burden occurs if a proposed fare or major service change requires a low income population to bear adverse effects by twenty percent (20%) or more than the adverse effects borne by the non-low income population.

If the City of Tucson finds a potential disproportionate burden, the transit agency will take steps to avoid, minimize or mitigate impacts then reanalyze the modified service plan to determine whether the impacts were avoided, minimized or mitigated. If the City of Tucson chooses not to alter the proposed changes, the agency may implement the service or fare change if there is substantial legitimate justification for the change and the agency can show that there are no practical alternatives that would have less of an impact on the low-income population and would still accomplish the agency's legitimate program goals.

Attachment B
Phase-In Option of Economy Fare to 50% of Base Fare Over 6 Years

ALTERNATIVE FARE STRUCTURE B						
Alternative Fare Structure A with Economy to 50% of Base Over 6 Years						
	CURRENT	RATIO TO BASE FARE		PROPOSED PRICING POLICY	DISCOUNT	PROPOSED FARE WITH DISCOUNT
SUN TRAN FARES	FY 2014	CURRENT	PROPOSED			FY 2015
SINGLE TRIP FARES						
BASE FARE	1.50	1.00	1.00	1.75	0.00	1.75
ECONOMY FARE	0.50	0.33	0.50	0.65	0.00	0.65
EXPRESS FARE	2.00	1.33	1.50	2.65	0.00	2.65
UP-CHARGE-EXPRESS FARE	0.50			0.90	0.00	0.90
UP-CHARGE-ECONOMY TO EXPRESS FARE	1.50			2.00	0.00	2.00
		RATIO TO BASE FARE				
		CURRENT	PROPOSED			
PERIOD PASSES						
DAY PASS	3.50	2.33	4.00	7.00	15.00%	6.00
30 DAY PASS	42.00	28.00	36.00	63.00	0.00%	63.00
ECONOMY 30 DAY PASS	15.00	30.00	36.00	23.40	0.00%	23.50
EXPRESS 30 DAY PASS	56.00	28.00	36.00	95.22	0.00%	96.00
UA/PCC BASE FARE SEMESTER PASS	173.00	115.00	180.00	315.00	15.00%	268.00
UA/PCC SEMESTER EXPRESS PASS	230.00	115.00	180.00	476.10	15.00%	405.00
UA ANNUAL BASE FARE PASS	413.00	275.00	432.00	756.00	20.00%	605.00
UA ANNUAL EXPRESS PASS	550.00	275.00	432.00	1142.64	20.00%	915.00
SUN VAN FARES						
REGULAR FARES						
ONE WAY	3.00	2.00	2.00	3.50		3.50
ROUND TRIP	6.00	4.00	4.00	7.00		7.00
LOW INCOME FARES						
ONE WAY	1.00	2.00	2.00	1.30		1.30
ROUND TRIP	2.00	4.00	4.00	2.60		2.60

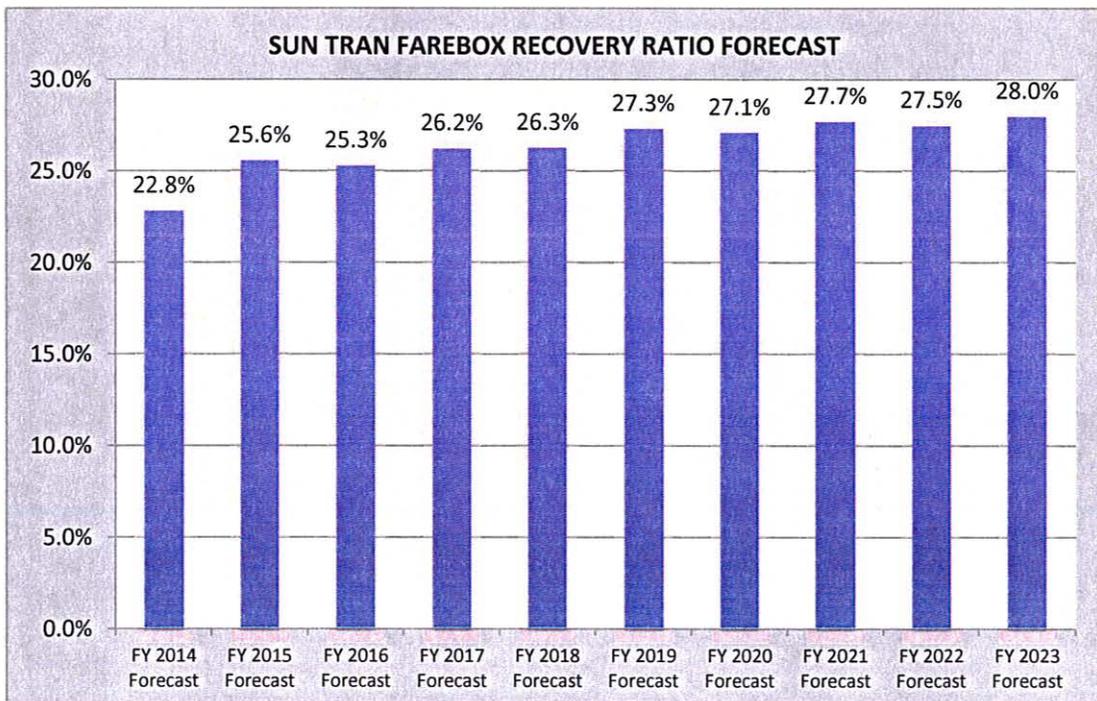
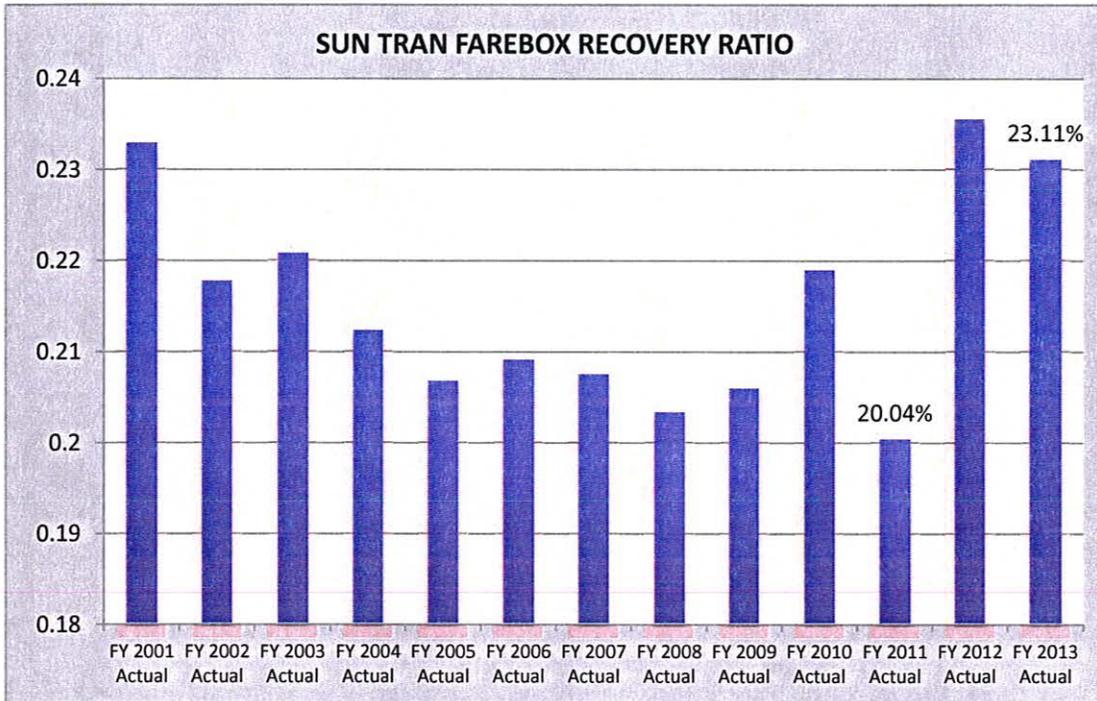
FAREBOX REVENUE	15,624,847
CHANGE FROM PREVIOUS YEAR	2,405,647

- Increase Base Fare to \$1.75
- Increase day pass multiplier to 4
- Increase period pass multiplier to 36 per month
- Day pass, semester pass discount 15%
- Annual pass discount 20%
- 4% increase in all fares in 2017, 2019, 2021, 2023, 2025
- 2.2% annual growth rate
- Economy Fare phased from 33% to 50% of Base Fare over six years

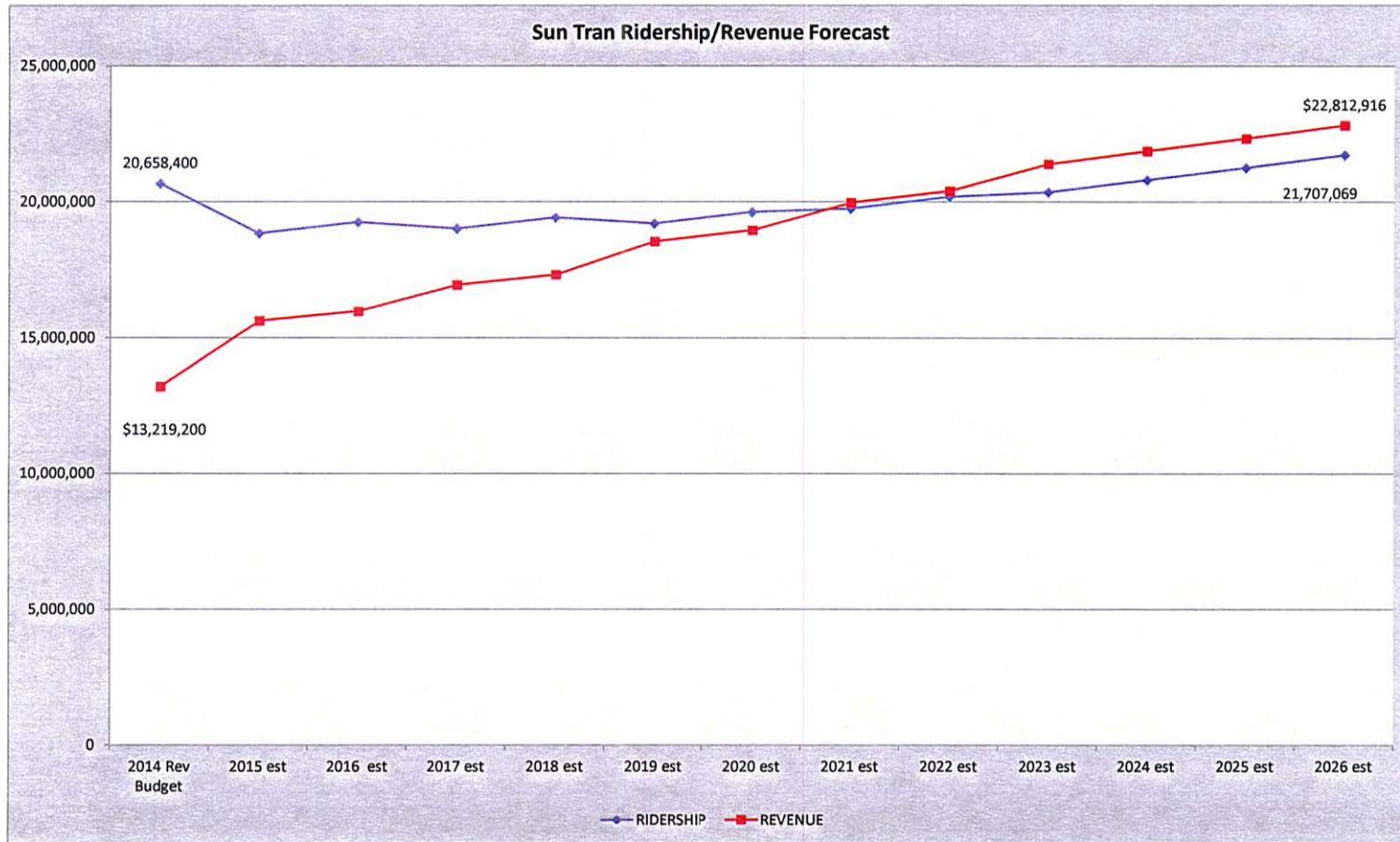
Attachment B
Phase-In Option of Economy Fare to 50% of Base Fare Over 6 Years
10 Year Projection

REVISED FARE STRUCTURE 10-YEAR PROJECTION					
Alternative Fare Structure A with Economy to 50% of Base Over 6 Years					
	FY 2017	FY 2019	FY 2021	FY 2023	FY 2025
SUN TRAN FARES	4% INCREASE				
SINGLE TRIP FARES					
BASE FARE	1.80	1.90	2.00	2.10	2.20
ECONOMY FARE	0.80	0.95	1.00	1.05	1.10
EXPRESS FARE	2.70	2.85	3.00	3.15	3.30
UP-CHARGE-EXPRESS FARE	0.90	0.95	1.00	1.05	1.10
UP-CHARGE-ECONOMY TO EXPRESS FARE	1.90	1.90	2.00	2.10	2.20
PERIOD PASSES					
DAY PASS	6.10	6.40	6.90	7.20	7.40
30 DAY PASS	65.00	68.50	72.00	75.00	80.00
ECONOMY 30 DAY PASS	28.80	34.25	36.00	37.50	40.00
EXPRESS 30 DAY PASS	97.00	103.00	108.00	113.00	119.00
UA/PCC BASE FARE SEMESTER PASS	275.00	291.00	305.00	321.00	337.00
UA/PCC SEMESTER EXPRESS PASS	413.00	436.00	458.00	482.00	505.00
UA ANNUAL BASE FARE PASS	622.00	657.00	690.00	725.00	760.00
UA ANNUAL EXPRESS PASS	933.00	986.00	1036.00	1088.00	1142.00
SUN VAN FARES					
REGULAR FARES					
ONE WAY	3.60	3.80	4.00	4.20	4.40
ROUND TRIP	7.20	7.60	8.00	8.40	8.80
LOW INCOME FARES					
ONE WAY	1.60	1.90	2.00	2.10	2.20
ROUND TRIP	3.20	3.80	4.00	4.20	4.40

Attachment B
Phase-In of Economy Fare to 50% of Base Fare Over 6 Years
10 Year Projection

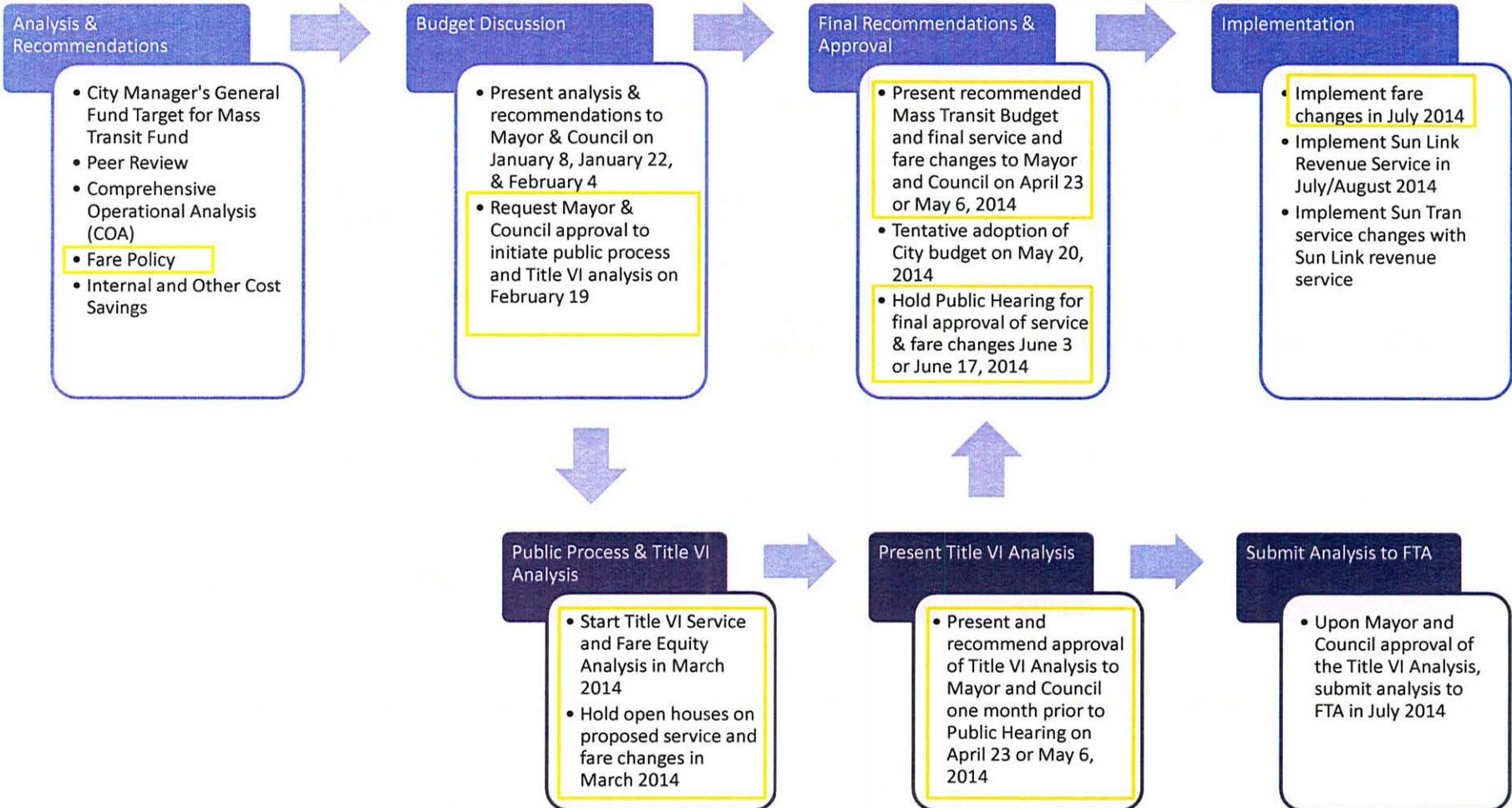


Attachment B
 Phase-In Option of Economy Fare to 50% of Base Fare Over 6 Years
 10 Year Projection



FY 2014/2015 Mass Transit Service and Fare Changes (Tentative Milestones)

Goal: Coordinate City's Budget Process and Timeline with Required Public and Title VI Processes



Proposed Transit Fare Policy

Mayor and Council Study Session
February 19, 2014



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Presentation Overview

- Financial Context
- Summarize Policy Elements
- Review Implementation Scenarios
- Discuss Next Steps



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Financial Context

- City Manager's Target \$40.7 million
 - \$34.2 million, 2004 General Fund in Mass Transit adjusted for inflation
 - Basis for RTA election in 2006
 - Adjustments
 - \$4.0 million, Loss of Lottery funds (LTAF I & II)
 - \$2.5 million, Streetcar operations
- \$6 million change can be achieved with increased revenue and decreased costs



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Fare Policy

- Purpose:
 - Establish guidelines for setting and adjusting fares
 - Provide a long range fare revenue projection



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Objectives & Payment Options

- Objectives:
 - Support community goals
 - Equitable fares
 - Financial efficiency and effectiveness
- Payment Options:
 - Smart Card (Sun Tran buses & Sun Link streetcars)
 - Cash (Sun Tran buses & Sun Link stops)
 - Sun Van Electronic Voucher



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Base Fare

- Base fare, one way single trip cash fare on Sun Tran, currently \$1.50 and proposed single trip on Sun Link
- Ratios are recommended between the base fare and other fares
- Base fare adjusted every two years on ridership growth & elasticity, costs and 25% farebox recovery



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Period Passes

- Sun Tran/Sun Link Day Pass
 - Four times Base Fare with 15% discount
- All 30 day passes based on multiplier of 36 times Base Fare – cited by AC Transit as national median usage
- Semester Pass (UA/PCC) – 5 months at 36 trips per month and 15% discount
- Annual Pass (UA) – 12 months at 36 trips per month and 20% discount



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Farebox Recovery

- Target 25% goal for Sun Tran local bus
- If below, route analysis performed and potential improvement identified



Fare Adjustment Guidelines

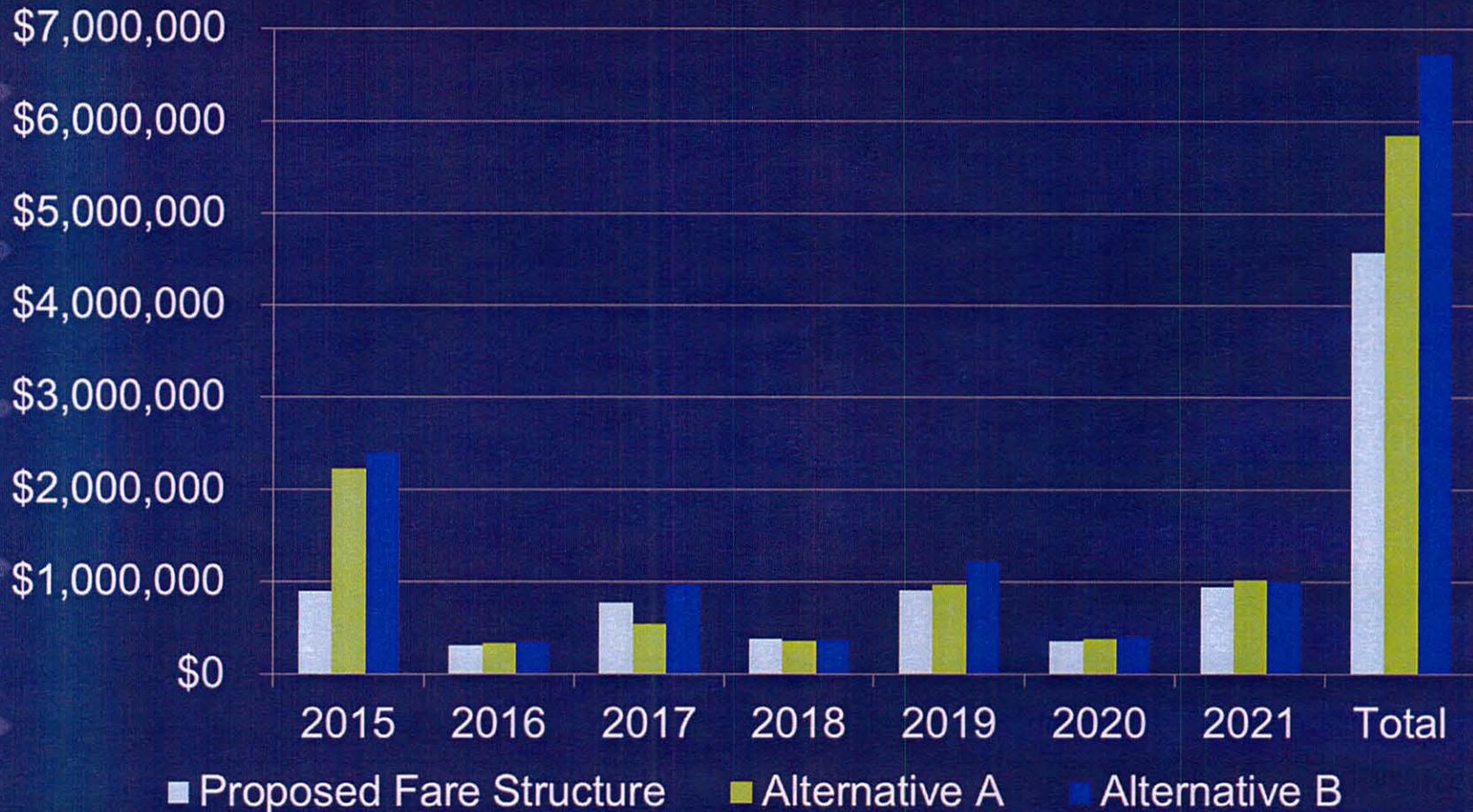
- Transit Task Force advice
- Coordinated with RTA
- Approval by Mayor and Council



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Projected Additional Annual Revenue



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Future Considerations

- Items to be evaluated by staff with Transit Task Force involvement in upcoming fiscal year:
 - Transfers
 - Optional ADA service
 - Volume Discount Passes



Thank you



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