

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 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 Tran, Sun Shuttle, ~~and the Downtown Loop and the upcoming~~ Sun Link 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 Cards 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 Cards and Tickets can be purchased on-line and at retail point of sales [locations](#) 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, [43](#) rides for day passes, 180 rides for semester passes, and 432 rides for annual passes, and may provide a [progressive discount on passes for period of thirty days or greater](#) 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 [Day](#) passes, [43](#) 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 [150-133%](#) of the Sun T ran 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 pParatransit services.
- Sun Van Low Income Fare
The Sun Van Low Income fare will be ~~twice~~33% of the Sun ~~Tran~~Van Regular ~~Economy~~ 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~~ Loop
The Downtown ~~Circulator~~ Loop 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~~ three trips at the Base Fare. ~~The equivalent trip count is based upon historical usage of four trips per pass period.~~
- Sun Tran/Sun Link 30 ~~Thirty~~-Day Pass
The Sun Tran/Sun Link 30 ~~Thirty~~-Day Pass will be priced equivalent to 36 trips at the Base Fare with an additional 7.5% discount applied to the price. ~~The pricing structure for the 30 Day Period Pass is based upon 36 single trips . 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 Express ~~30 Thirty~~-Day Pass
The Sun Tran Express ~~30 Thirty~~-Day Pass will be priced equivalent to 36 trips at the price of a single trip Express Bus Fare with an additional 7.5% discount applied to the price.
- Sun Tran/Sun Link Economy ~~30 Thirty~~-Day Pass
The Sun Tran/Sun Link Economy ~~30 Thirty~~-Day Pass will be priced equivalent to 36 trips at the single trip Sun Tran/Sun Link Economy Fare with an additional 7.5% discount applied to the price.
- 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 ~~30 thirty~~-day pass use ratio of 36 trips at the Base Fare, with an approximate ~~25%~~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 ~~30 thirty~~-day pass use ratio of 36 trips) at the Sun Tran Express Fare, with an approximate ~~15%~~25% discount applied to the price.
- UA/PCC Annual Base Fare Pass
UA/PCC 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 ~~30 thirty~~-day pass use ratio (36 trips) at the Base Fare, with an approximate ~~20%~~35% discount applied to the price. UA/PCC 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/PCC Annual Express Pass
UA/PCC 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 ~~30 thirty~~-day pass use ratio (36 trips) at the Sun Tran Express Fare, with an approximate ~~20%~~35% 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 ~~30 Thirty~~-Day Pass priced equivalent to the Economy ~~30 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 fares ~~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 \$0.2510 in FY1517 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 ~~EC~~.

VIII. Future Considerations

- Additional evaluation and analysis will be done on the use of transfers. Transfer usage realized through the Sun-Go 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 [University of Arizona \(UA\)](#) 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~~
- ~~5.3.~~ Appendix CE, City of Tucson Policy and Procedure for Solicitation and Consideration of Public Comment on Fare Changes and Major Service Changes on Public Transportation