



**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# FY2011 Budget Discussion

Finance, Administration and Oversight Committee

January 14, 2009



## Purpose

To update the FAO Committee on the status of the FY2011 Budget, including:

- Current ridership and revenue trends.
- Review of current fare policies.
- Review of possible fare policy changes.



## Resolution of the Board of Directors

- Fare Resolution - # 2007-47, December 13, 2007

RESOLVED, That staff is instructed to study and report back to the Board of Directors a recommended fare policy that evaluates all aspect of fares, revenues and expenses including distance traveled, time of day, mode, capacity, elasticity and other variables that affect ridership, revenues and expenses.



## Ridership and Revenue Trends

- Ridership on Metrorail, Metrobus, and MetroAccess varies by month and time of day.
- MetroAccess ridership has grown dramatically in the last several years.
- Metro's fare policies encourage system use during off-peak periods when extra capacity is available.
- Metro charges for premium services, including reserved parking at selected parking lots, express bus services, and peak period rail service. The additional revenues help to defray the additional costs associated with providing higher service levels during peak periods.



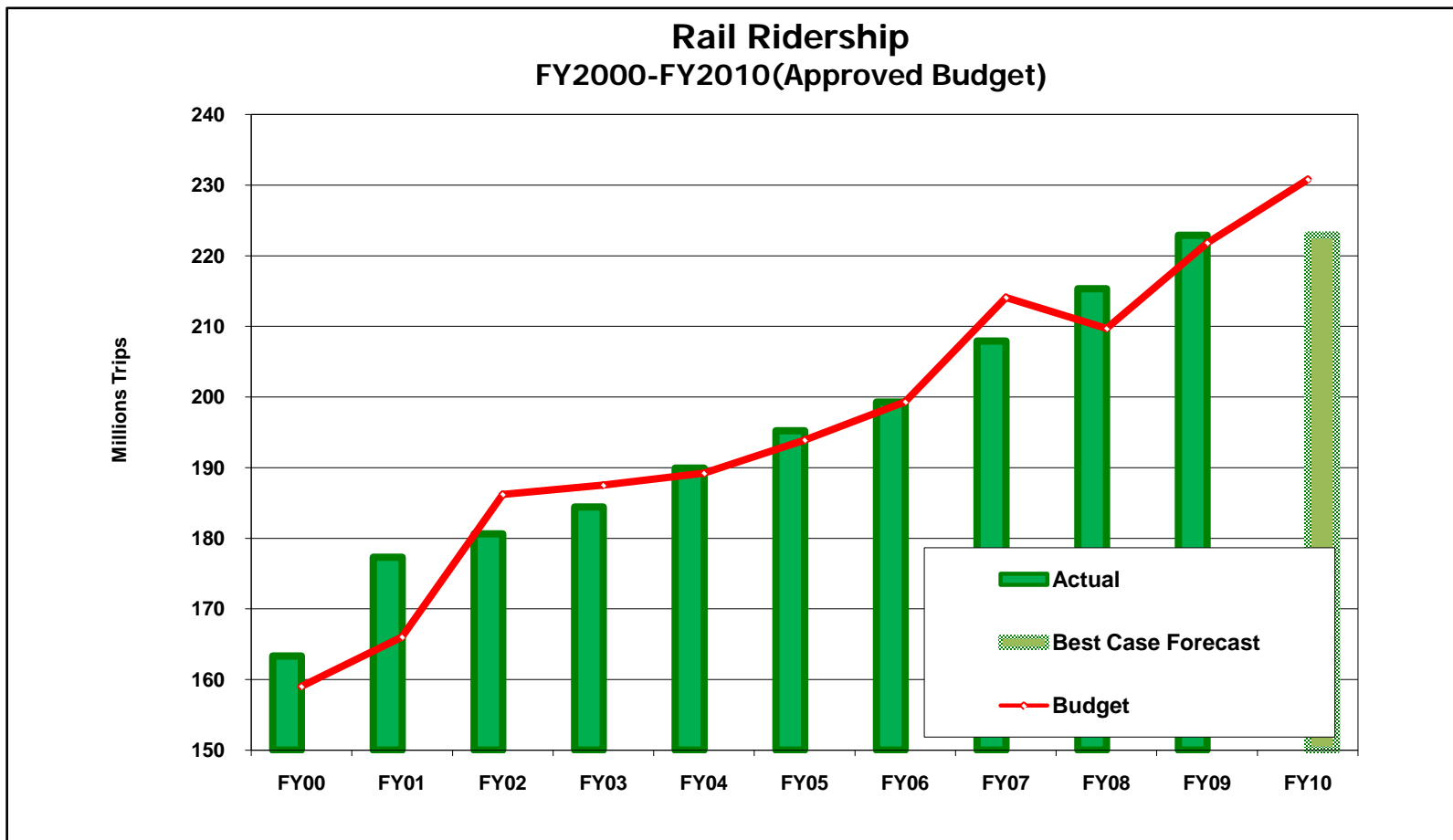
## Other Factors that Affect Ridership

- Metro has been working with **Cambridge Systematics** since 2009 to update and refine Metro's ridership model to more accurately predict ridership based on factors such as:
  - **Tourism** – Hotel rooms sold and Smithsonian visitation in comparison to Metrorail and Metrobus ridership activity
  - **Demographics** – D.C./suburban employment and D.C./suburban population as it relates to ridership decline and increase for Metrorail and Metrobus
  - **Metrorail/Metrobus/Parking** – Metrorail, Metrobus fare and parking availability
  - **Service** – Metrorail and Metrobus revenue hours of service
  - **Special Factors** – Gas prices, severe weather, and special events
  - **Seasonal, Monthly & Weekdays Factors** – Measures seasonal, monthly, and days of week as it pertains to ridership trends
- The Cambridge's Economic Forecasting Model indicates that *D.C. Employment* and *hotel rooms sold* are highly correlated to weekday rail ridership, while *D.C. population* is the factor most influencing weekday and weekend bus ridership as well as weekend rail ridership.



# Overview of Metrorail Ridership

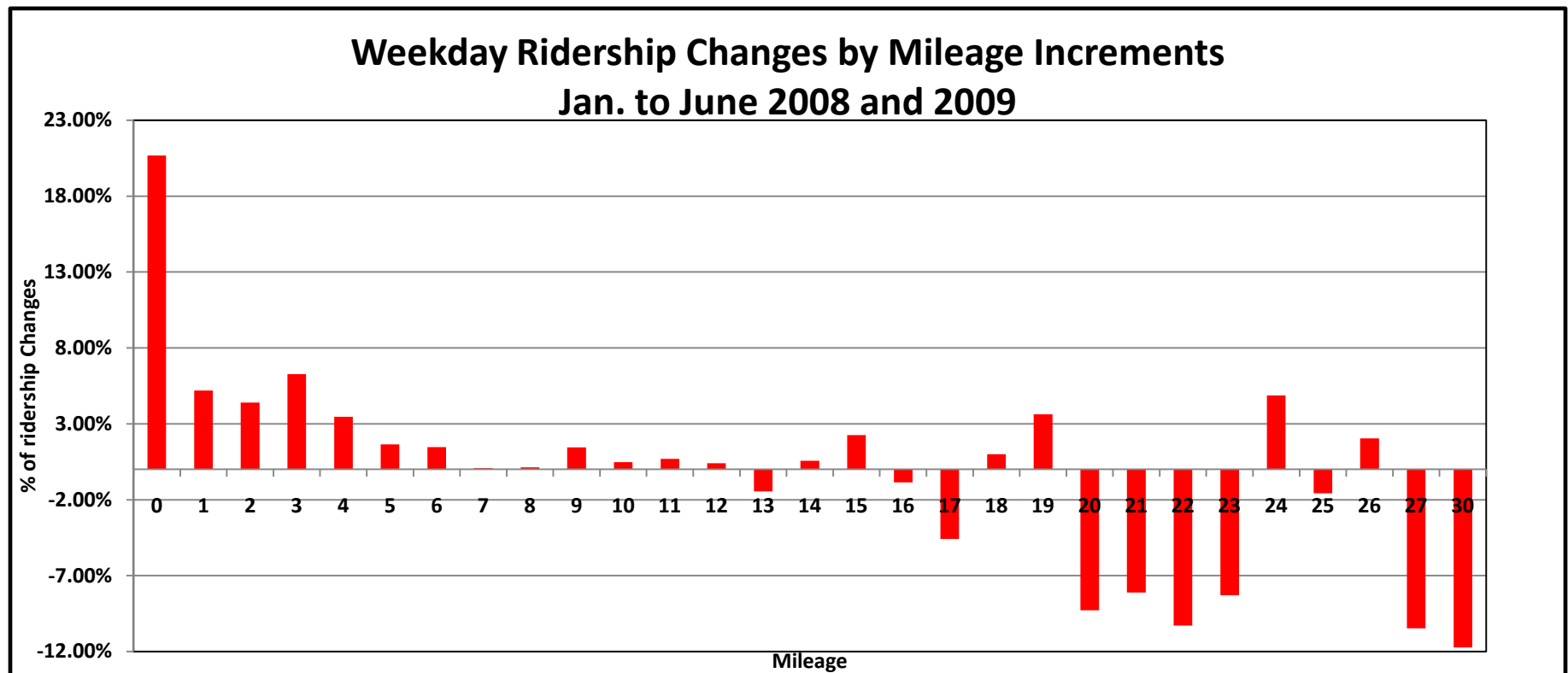
- Metrorail ridership has grown since FY2000. However, FY2010 ridership experience will be less than budgeted, with ridership levels more closely resembling FY2009 experience.





# Overview of Metrorail Ridership

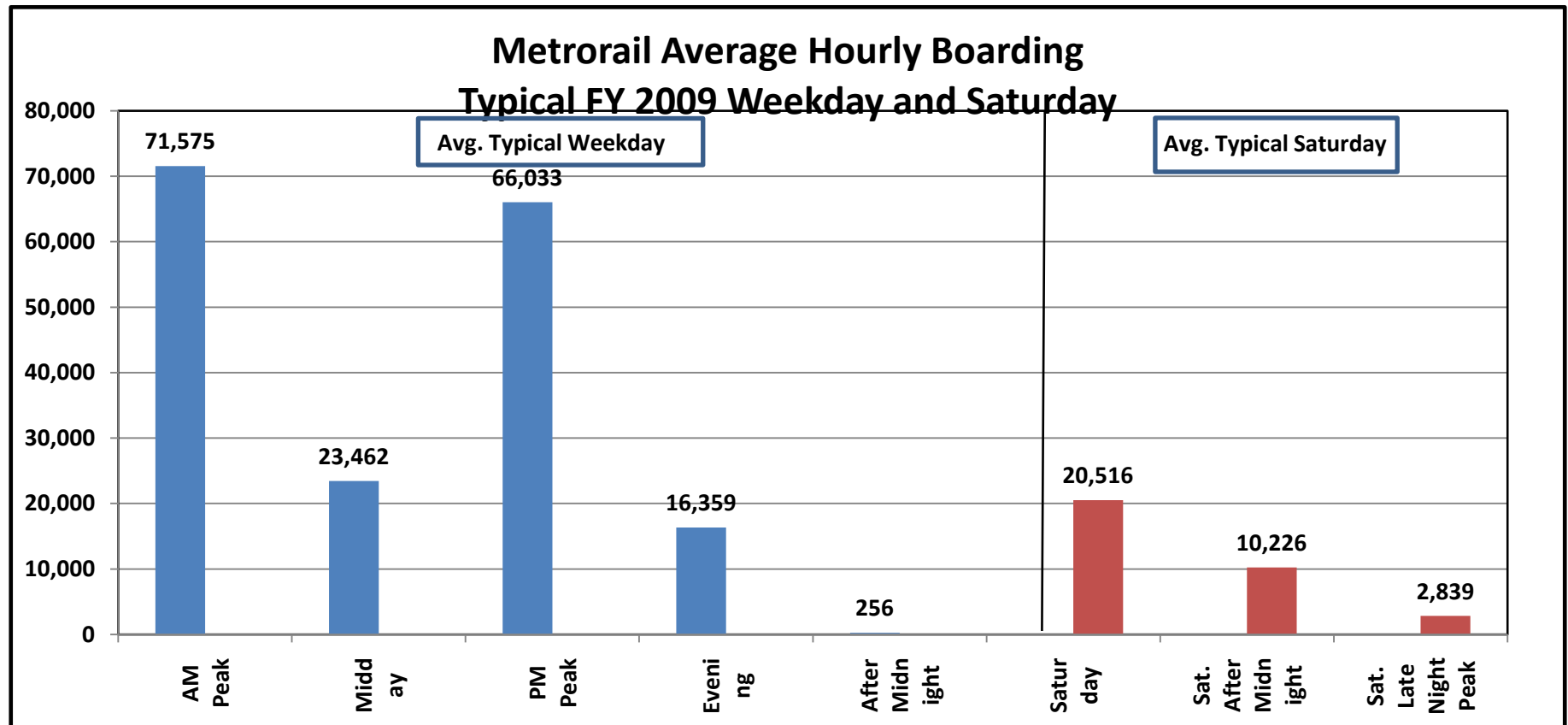
- On rail, Metro is experiencing growth in short trips and a decline in long distance trips.
  - Economic situation appears to be impacting longer trips.
  - Growth in population and activities in the central core is influencing the growth of short trips.
  - Growth in short trips is eroding the rail average fare.





# Overview of Metrorail Ridership

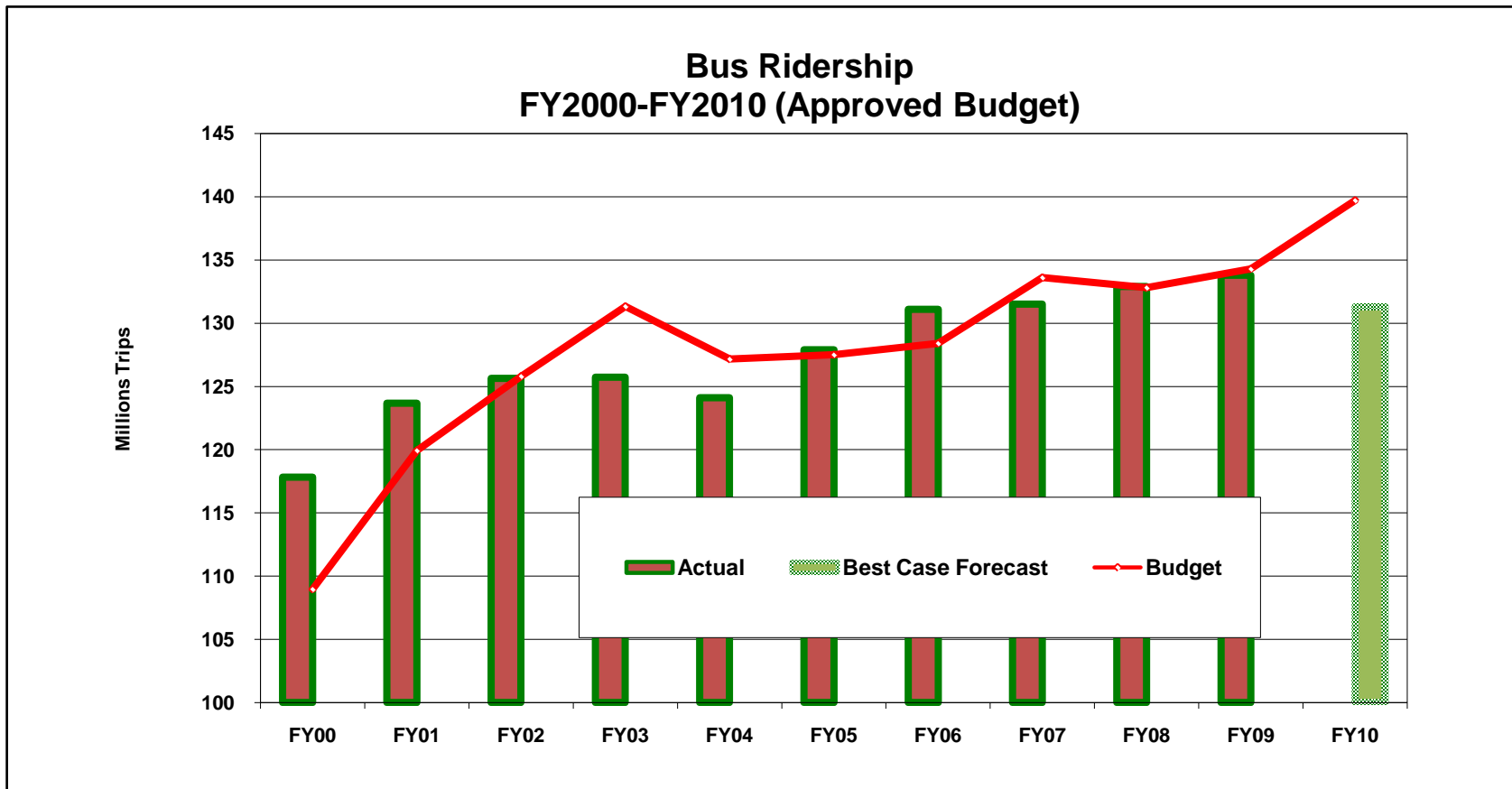
- Historically, over 65% of all weekday rail trips occur in the peak periods. However, due to recent growth in off-peak ridership, the percentage of peak trips is slowing compared to total trips.





# Overview of Metrobus Ridership

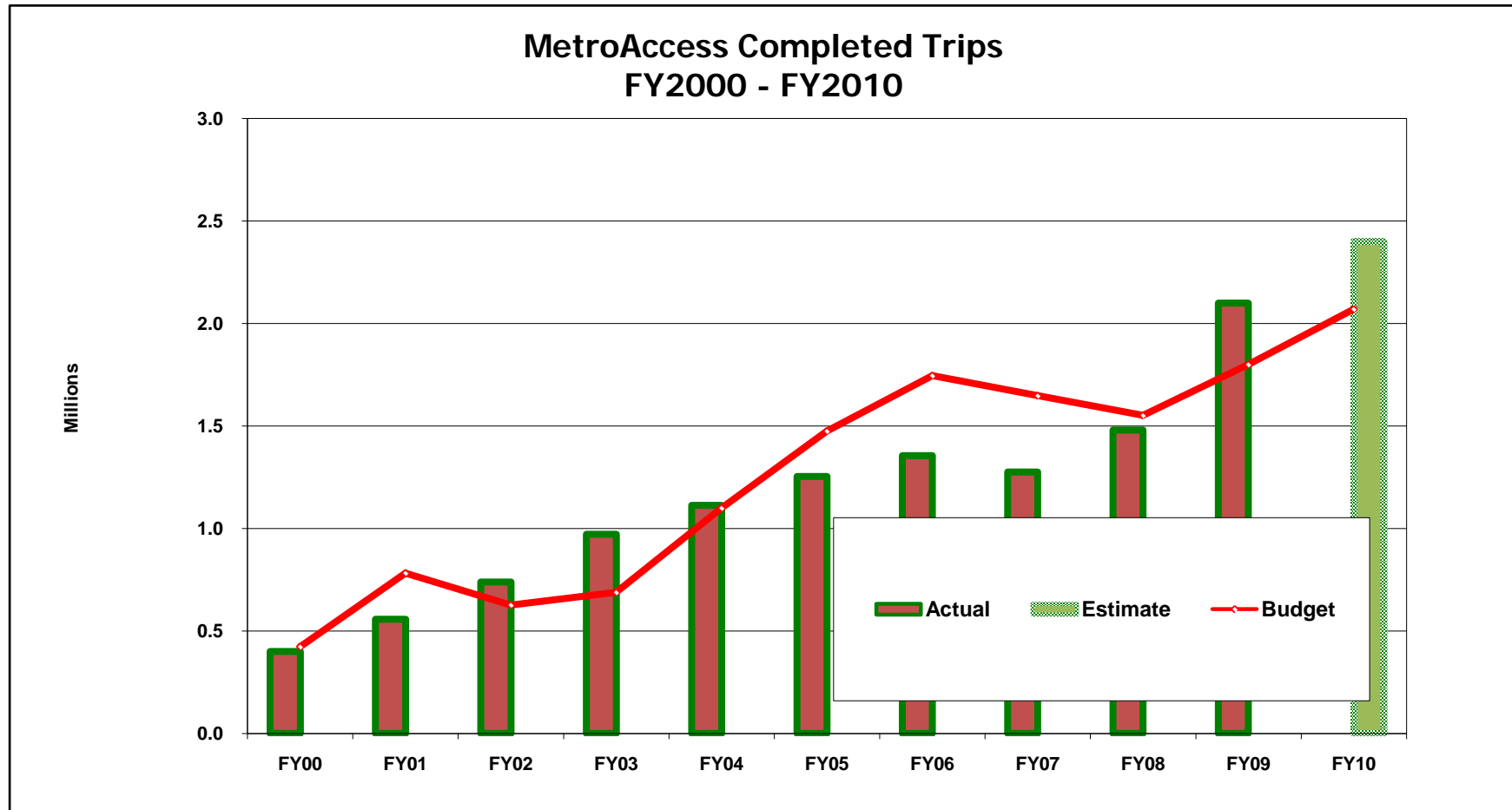
- Total Metrobus ridership in FY2008 and FY2009 was 133 and 134 million trips.
- Budgeted ridership in FY2010 is 139.7 million trips.
- Through November 2009, Metrobus ridership was 9.5% below budget and 6% below the same period last year, compared to a nationwide drop in bus ridership of nearly 4%.





# Overview of MetroAccess Ridership

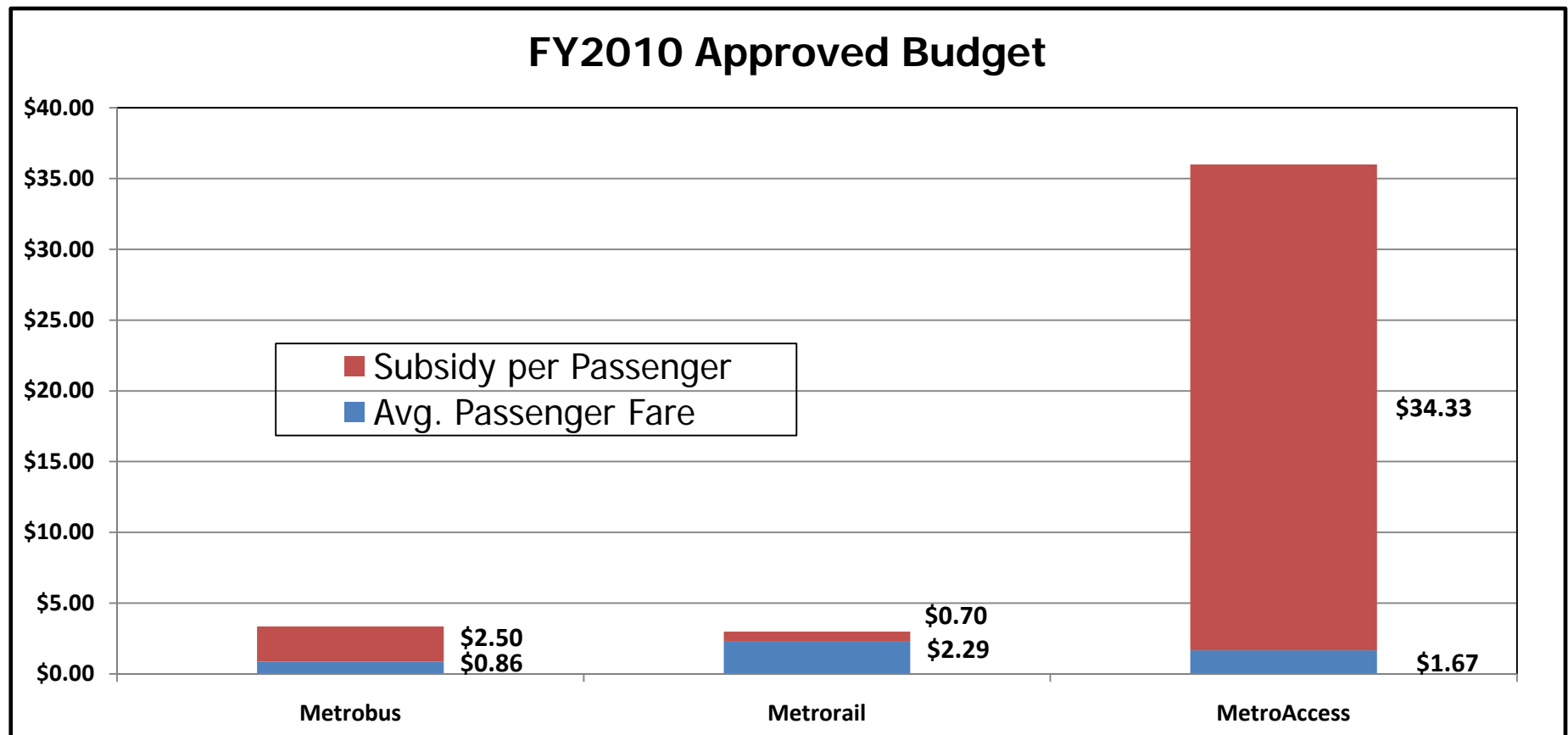
- MetroAccess ridership by month is also less consistent than rail, but has grown 43% on an annual basis since FY2007.
- Total MetroAccess ridership in FY2008 and FY2009 of 1.7 and 2.1 million trips, respectively, with projected ridership in FY2010 of 2.4 million trips.





# Fare and Subsidy for Metrobus, Metrorail and MetroAccess

- Transit subsidy varies by mode, with the highest per ride subsidy on MetroAccess with budgeted cost recovery in FY2010 of 5.8%.
- Passenger fares cover a greater percentage of the cost of rail service than bus service. Cost recovery in FY2010 for bus and rail was budgeted at 23.6% and 67.5%, respectively.





# Current Fare Policy Principles

1. Charge rail fares based on distance traveled.
2. Charge more for premium service.
3. Maximize the use of existing capacity.
4. Facilitate movement between modes (bus-to-rail and rail-to-bus) and also between Metro and jurisdictional bus and commuter rail systems.
5. Provide discounted fares for some riders.
6. Collect revenue in a cost-effective manner.
7. Charge twice the Metrobus service fare for MetroAccess users, plus additional amounts for service  $\frac{3}{4}$  of a mile outside the fixed route.



## Ridership and the Impact of Recent Fare Policy Changes

- In January 2009, Metro eliminated paper transfers and required SmarTrip® for free bus-to-bus transfers.
- In addition, Fare Integration, which transferred \$13.6 million annually from rail revenue to bus revenue was discontinued, and the Balanced Transfer was implemented.
- The balanced transfer provides a \$0.50 discount for rail-to-bus and \$0.50 discount for bus-to-rail trips.
- As part of the FY2010 Budget, \$10 million in bus revenue was included for the elimination of the paper transfer. The current revenue estimate of the revenue yield from the elimination of the paper transfer is \$7 million annually.
- Smartrip penetration on bus increased with passengers utilizing the free bus-to-bus transfers on SmarTrip® .
- Evidence suggests that these changes in fare policies did not significantly affect bus or rail ridership or ridership patterns.



## Recommended Fare Policy

- Charge rail fares based on distance traveled.
- Charge more for premium service.
- Maximize the use of existing capacity by encouraging new riders to try Metro and build brand loyalty for long-term expanded use of excess capacity.
- Facilitate movement between bus, rail and jurisdictional bus systems.
- Continue to provide discounts to some riders.
- Collect revenue in a cost-effective manner.
- Achieve parity between passes and the cash fare.
- Implement new MetroAccess fare policy.



# Overview of Nationwide Transit Service Guarantees

- Some systems offer service guarantees when transit services fall outside established parameters.

System	Service Guarantee	Current Policy
Chicago Transit Authority (CTA)	N	CTA is without a service guarantee policy.
Maryland Transit Administration (MTA)	N	MTA is without a service guarantee policy.
Massachusetts Bay Transit Authority (MBTA)	Y	MBTA provides free service when passengers are delayed more than 30 minutes.
Metropolitan Atlanta Rapid Transit Authority (MARTA)	N*	MARTA is without a formal service guarantee policy; their Customer Service Department currently reviews each complaint on a case by case basis.
MTA New York City Transit	Y	New York City Transit provides free service when passengers are delayed more than one hour.
Southeastern Pennsylvania Transportation Authority (SEPTA)	Y	SEPTA provides a free future trip when passengers do not reach their final destination with 15 minutes of the scheduled time.
Washington Metro (WMATA)	Y	Metro's policy is to refund rail boarding fare when patrons enter and exit the same stations during service delays.



## Next Steps-FY2011 Budget Process

### January

- Board will receive Proposed FY2011 Budget books.

### February

- Board Action Item to begin public hearing process, if necessary.

### March

- Any necessary public hearings on fare increases and service reductions.

### May

- Final review of FY2011 budget issues and recommendations.
- Board reviews results of public hearings.
- Approval of any necessary fare increases and service reductions.

### June

- Board approval of the FY2011 Budget.



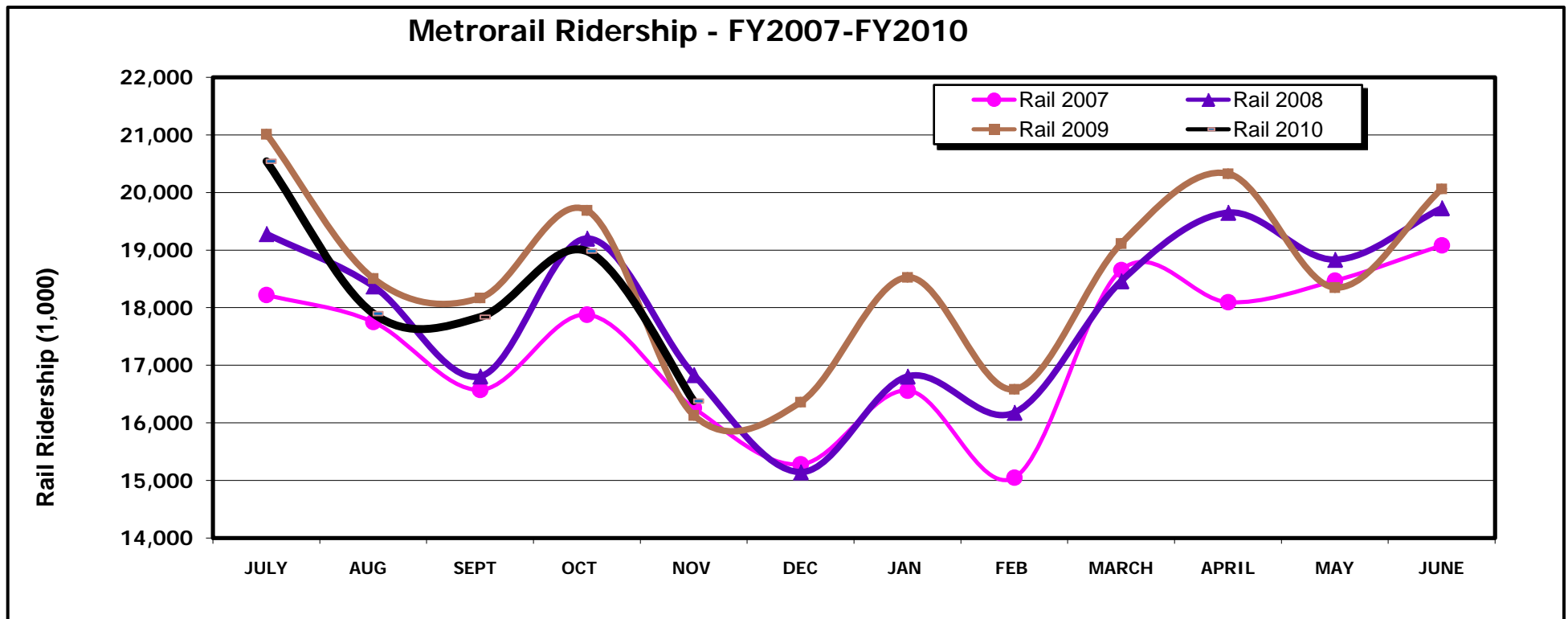
# Current Fare Structure

## **Appendix**



# Overview of Metrorail Ridership

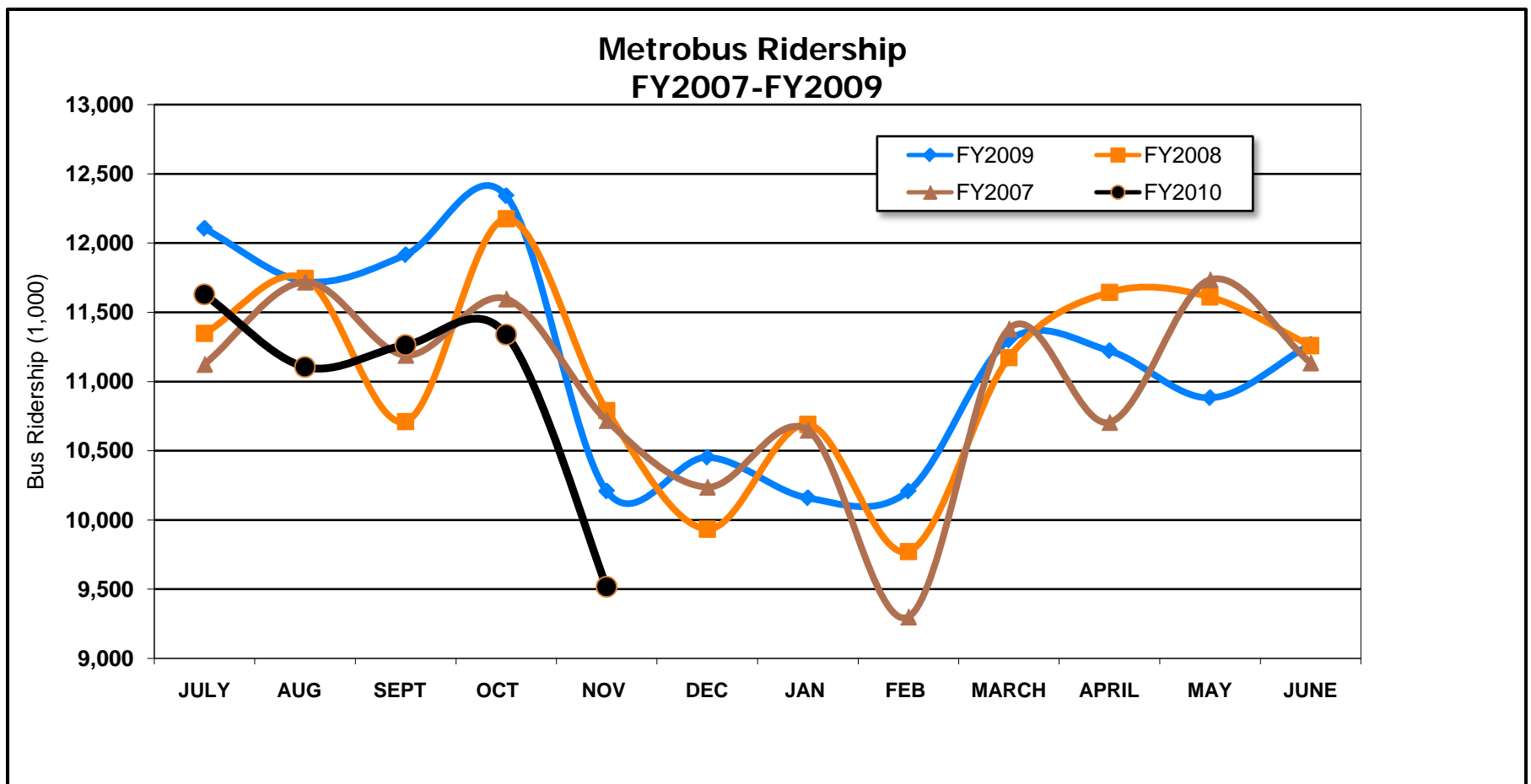
- Ridership on Metrorail varies by month and time of day, with the highest total monthly ridership each year in April, June, and July.
- Revenue for the first five months of FY2010 has been consistently below the same period in FY2009.





# Overview of Metrobus Ridership

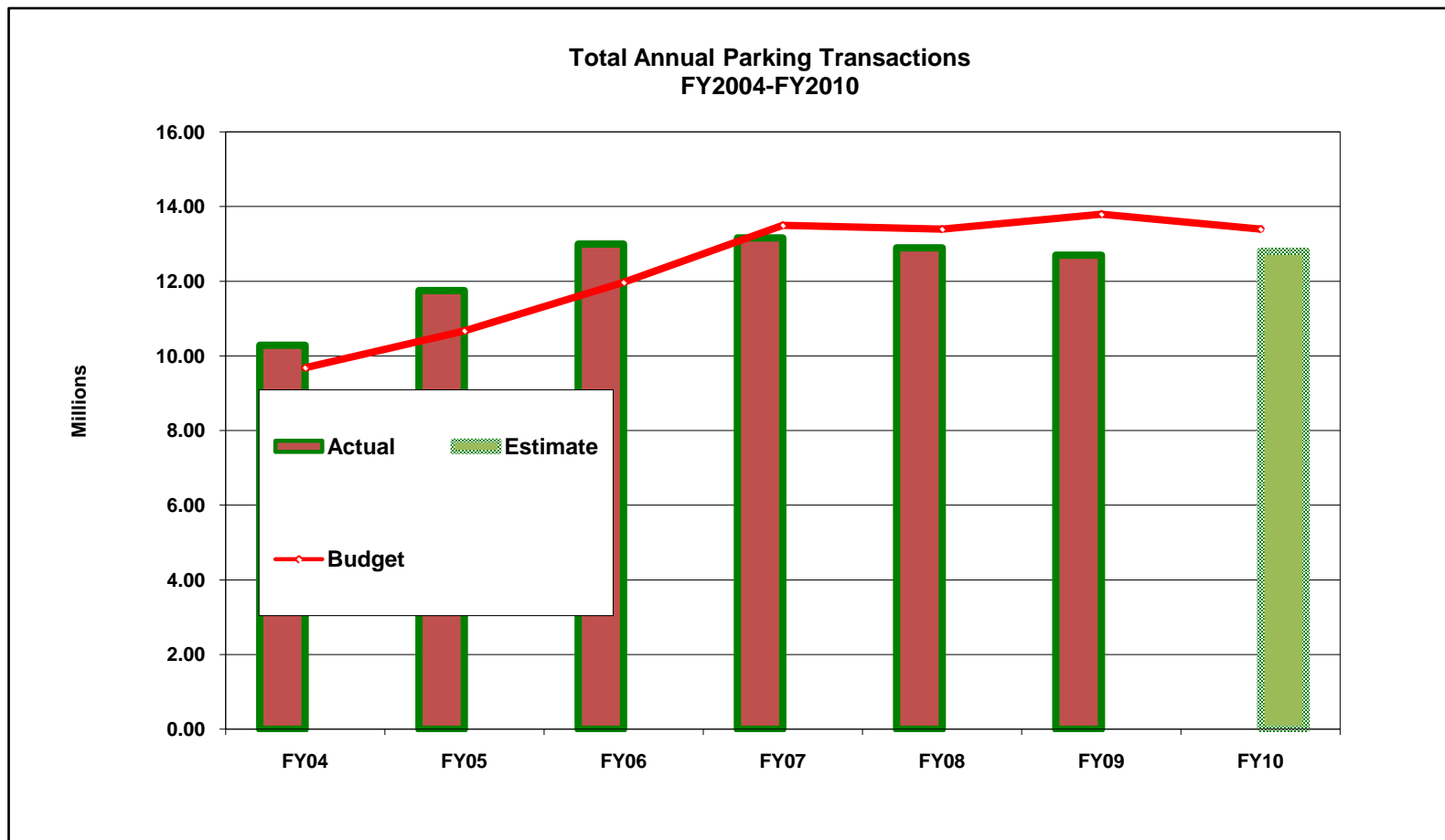
- Ridership on Metrobus varies by month but is less consistent than monthly Metrorail ridership.





# Overview of Parking

- Average weekday parking transactions decreased in FY2008 and FY2009, a possible reaction to the January 2008 increase in parking fees.





# Current Fare Structure

## **Metro's Current Fare Structure**



# Current Fare Structure

- **Metrorail**

Metrorail	Peak	Off Peak
Base Boarding Charge	\$1.65	\$1.35
1st Tier Mileage charge	\$0.26	\$1.85
2nd Tier Mileage Charge	\$0.23	\$2.35
Maximum Fare	\$4.50	2.35

- **Metrobus**

Metrobus Fare	
Local bus (SmarTrip Card)	\$1.25
Local bus (Cash)	\$1.35
Rail-to-bus transfer discount	\$0.50
Bus-to-rail transfer discount	\$0.50
Senior/Disabled fare	\$0.60
Student Fares	\$0.625/token
Special Fares	Varies

- **MetroAccess**

MetroAccess	
Base Fare	\$2.50
Attendants	Free
Supplemental Zone Fares	\$1.00/each



# Parking Fees

- A parking fee is charged for the 58,323 non-metered parking spaces

<b>Metrorail Parking Payment by Smartrip Card Only</b>			
Location	Base Fare	Surcharge	Parking Fee
Montgomery Co.	\$3.25	\$1.50	\$4.75
Prince George Co.	\$3.50	\$0.75	\$4.25
Virginia	3.25-\$4.00	\$0.50-\$1.25	\$4.50
District of Columbia	\$4.25	N/A	\$4.25
Reserved Parking			\$55.00
Non-Metrorail Riders			\$8.00-\$25.00
Redskins Home Games			\$25.00

- Electronic payment is required with a SmarTrip® card.
- Pilot program at seven rail stations using credit cards for payment of parking fees.

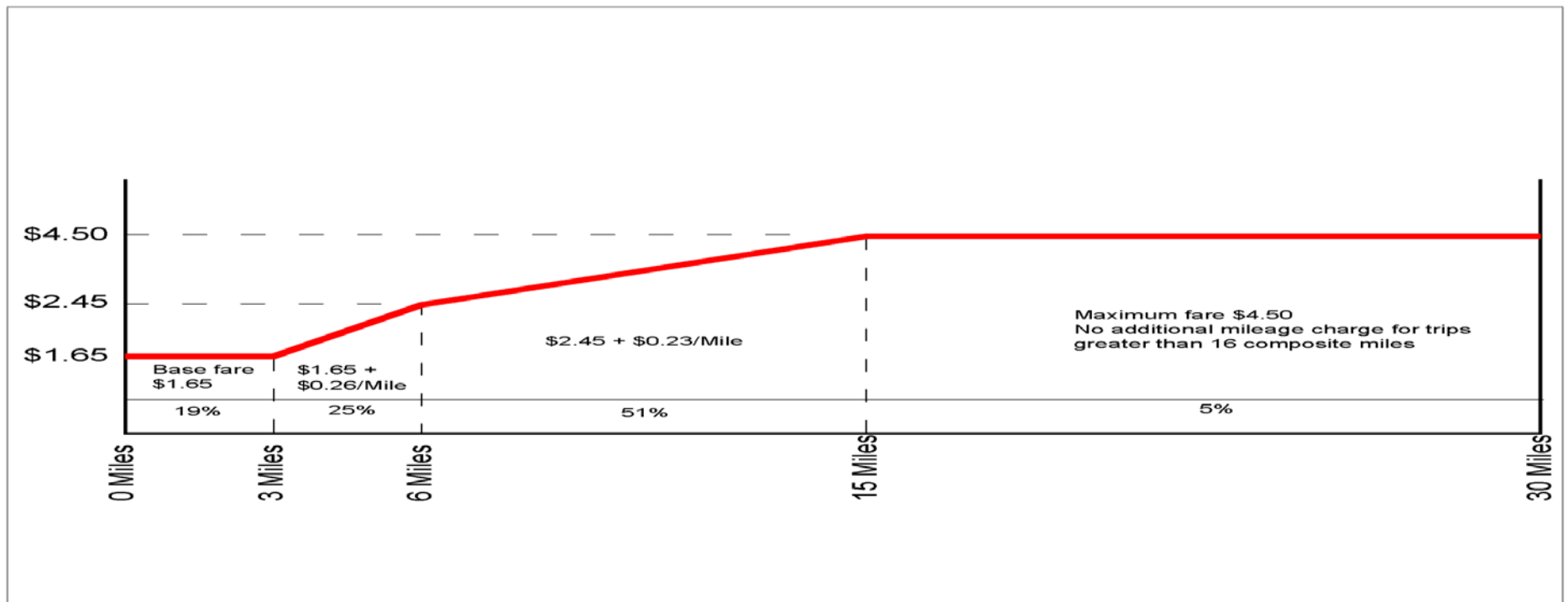


# Current Fare Policy Principles

## 1. Charge Rail Fares Based On Distance Travelled

Metrorail's fare structure is a time and distance (peak and off-peak) based fare system, with distance based on a composite mile, the average of straight line and track miles.

- Boarding fee: currently \$1.65 is charged for trips up to three miles.
- For trips from three to six miles \$0.26 is charged for each additional mile.
- For trips between six and 15 miles, an additional \$0.23 per mile is charged.
- For trips beyond 15 miles, the maximum fare is \$4.50.





## Current Fare Policy Principles: 2. Charge More for Premium Service

- The base fare for peak (regular) rail service is \$1.65; the off-peak base fare of \$1.35 is charged at other times.
  - Regular fares are charged when trains and buses are more frequent and demand is highest. On average weekday, more than twice as much service is provided during the peak than in off-peak periods.
  - Additional costs are required to provide peak service due to increased demand for rolling stock, staff, and infrastructure requirements (faregates, vendors, etc). Charging a price differential reflect the additional costs involved in providing the service and aids in cost recovery.
- Premium parking services are available through the Reserved Parking program.
- For parking during home Redskins games, there is a premium rate charged for parking at two rail stations.



## Current Fare Policy Principles:

### 3. Maximize the use of Existing Capacity

- When there is excess capacity on the rail system, a discounted fare is charged to encourage off-peak and weekend ridership.
- Additional capacity at Metro's parking facilities provide free parking on weekends and holidays to encourage rail use.
- Unlimited use passes are available for bus and rail and for seniors and persons with disabilities to encourage off-peak and discretionary trips beyond peak periods.
- Incentives and free travel are provided in selected jurisdictions to encourage off-peak trips.



## Current Fare Policy Principles: 4. Facilitate Movement between Modes

- Passengers are encouraged to transfer between modes through the use of the Balanced Transfer.
- Parking facilities are provided as a service to encourage the use of automobiles as a mode of access to the rail system.
- Regional bus systems help to expand the reach of the rail system, without having to build additional parking facilities or provide additional bus feeder service.
- MetroAccess patrons are offered the opportunity to travel free on fixed route service to encourage mobility and to alleviate the demand for paratransit services.
- Travel training is provided for MetroAccess patrons to assist in utilizing fixed route service.
- Metro's transfer policies, along with the use of SmarTrip technology, is designed to encourage transfers within the entire Metro system, as well as easy interface with regional and jurisdictional bus and commuter rail systems to help eliminate the need for additional Metro services and to avoid service duplication.



# Current Fare Policy Principles

## 4. Facilitate Movement between Modes

- Transfer policies at systems in Boston, New York, Philadelphia and Chicago Transit Authorities offer a two hour window for intra and inter-modal transfers.
- Metro's current policy offers a three-hour window for bus-to-bus, bus-to-rail, and rail-to-bus transfers.

### Transfer Policy

System	Bus Fares	Bus to Bus	Bus to Rail	Current Policy
Atlanta	\$ 2.00	Y	Y	max. 4 bus/rail transfers within a 3 hour time frame
Baltimore	\$ 1.60	Y	Y*	*Bus to rail/subway transfers would require the purchase of a special tix (\$3.50). Otherwise, you would pay \$1.50 everytime you transfer from bus to rail/subway.
Boston	\$ 1.25	Y	N	Offer 2 hour window for transfer
Chicago	\$ 2.25	Y	Y	Offer 2 hour window for transfer
New York	\$ 2.25	Y	Y	Offer 2 hour window for transfer
Philadelphia	\$ 2.00	Y	N	Offer 2 hour window for transfer
Washington Metro	\$ 1.25	Y	Y	Offer 3 hour window for transfer



# Current Fare Policy Principles

## 5. Provide Discounted Fares for Some Riders

- Metro provides discounted fares and discounted fare media for some riders, including:

Discounted Fare Media	
Metrorail	Price
Rail-to-Bus Transfer Discount	\$0.50
One Day Pass	\$7.80
1 Week Short-Trip Pass	\$26.40
1 Week Pass	\$39.00
Senior/Disabled fares	1/2 peak fare
DC Student farecards/per trip	\$0.63
SmartStudent Passes-Month	\$26.00
Transit Link Card on MARC and VRE	\$80.00
Transit Link Card on MTA	\$135.00
Metrobus	Price
Free Bus-to-Bus Smartrip Transfers	\$0.00
Bus-to-Rail Discount	\$0.50
Weekly Bus Pass	\$11.00
Reduced Fare Routes	varies
Weekly Senior/Disabled Passes	\$6.00
DC Student tokens	\$10.00/trip
MetroAccess	
Free trips on fixed route for MetroAccess patrons	
Some jurisdictions provide free or reduced fares to encourage transit use	



## Current Fare Policy Principles: 6. Collect Revenue in a Cost Effective Manner

- SmarTrip<sup>®</sup> transactions also facilitate faster transition between transit modes, quicker bus access and minimized wear on fare gates and vendors.
- The use of SmarTrip<sup>®</sup> has expanded, and is the preferred payment for rail, bus and parking fees.
- SmarTrip<sup>®</sup> is being enhanced to continue to promote Smartbenefits<sup>®</sup> and the autoload components of SmarTrip<sup>®</sup> technology to further minimize cash handling and processing activities.
- Metro is promoting additional outlets for loading SmarTrip<sup>®</sup> cards and for purchasing Metro fare media and passes to aid in revenue collection and to alleviate demand for fare vendors.



## Current Fare Policy Principles: 6. Collect Revenue in a Cost Effective Manner

- With SmarTrip<sup>®</sup> and advances in fare collection technologies, dynamic pricing on the rail and bus systems are possible, including:
  - Special event pricing- special fares tied to events and promotional activities
  - Additional fare periods on rail, in addition to the four timeperiods currently in effect on the rail system
  - Additional fare periods on bus



## Current Fare Policy Principles: 7. Charge Twice the Metrobus Fare for MetroAccess

- MetroAccess fare is twice the base bus fare for all trips
- Additional zone charges are implemented when the trips falls outside of the fixed route service area
  - Zone 1-additoinal \$1.00 within 3 miles of fixed route service
  - Zone 2-additional \$2.00 3-6 miles of fixed route service
  - Zone 3-additional \$3.00 6-9 miles of fixed route service
  - Zone 4-additiona \$4.00 over 9.1 miles of fixed route service



# Metro's Fare Model

- Cambridge Systematics calculated a rail fare elasticity between –
- 0.12 and -0.18
- Metro's Fare Model follows principles established from national bus and rail transit systems, and is based on:
  - Different fare elasticities for bus, rail and MetroAccess.
  - Rail model based on time-of-day and day of week.

## Current Metrorail Fare Elasticities

<b>% Change in Fare</b>	<b>Peak</b>	<b>Off-Peak</b>	<b>Weekend</b>
<15%	-0.125	-0.175	-0.2
15 - 20%	-0.15	-0.2	-0.225
20%<	-0.175	-0.225	-0.29