



Finance & Administration Committee

Action Item III-B

May 13, 2010

FY2011 Operating Budget

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100701	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

FY11 Budget Discussion & Final Direction on Fares

PURPOSE:

Final direction on fares for the FY2011 Budget.

DESCRIPTION:

The presentation includes fare information.

FUNDING IMPACT:

Approval of this item supports the FY2011 Budget.

RECOMMENDATION:

That the Board provide final direction on the implementation of fares.



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

FY2011 Operating Budget

Finance and Administration Committee

May 13, 2010



Purpose

- To update the Board on fare alternatives requested by the Finance and Administration Committee, and to request final Board direction for implementing fare increases



Background

- In January, the General Manager's proposed FY2011 Budget included \$89.2 million in fare increases
- On April 22, the current General Manager presented revised budget gap closing measures in response to public input; that proposal included fare increases of \$102.8 million
- On April 29, the Finance and Administration Committee directed staff to begin the fare implementation process, but to research and report back to the Committee on fare alternatives



Finance and Administration Committee Direction

- The Committee's direction was to begin implementation of the fare increases in the General Manager's current budget proposal, and further consider:
 - Increasing the proposed peak-of-the-peak fare to 20 cents, 10 cents higher than the current General Managers recommendation (+ **\$3.2 million**)
 - Possible additional changes to the peak-of-the-peak charges for bus and rail
 - Removing the proposed \$0.50 parking increase (- \$6.5 million)
 - Retaining late night service (- \$2.1 million)
 - Removing \$4 flat fare after midnight (- \$2.3 million)
 - Charging the peak fare on late nights from 12:00 am until closing (+ \$0.8 million)
 - Possible additional increased price differential for the use of cash on buses



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. Slow the growth of MetroAccess service (Charge twice the Metrobus service fare for MetroAccess users, plus additional amounts for service $\frac{3}{4}$ of a mile outside the fixed route)



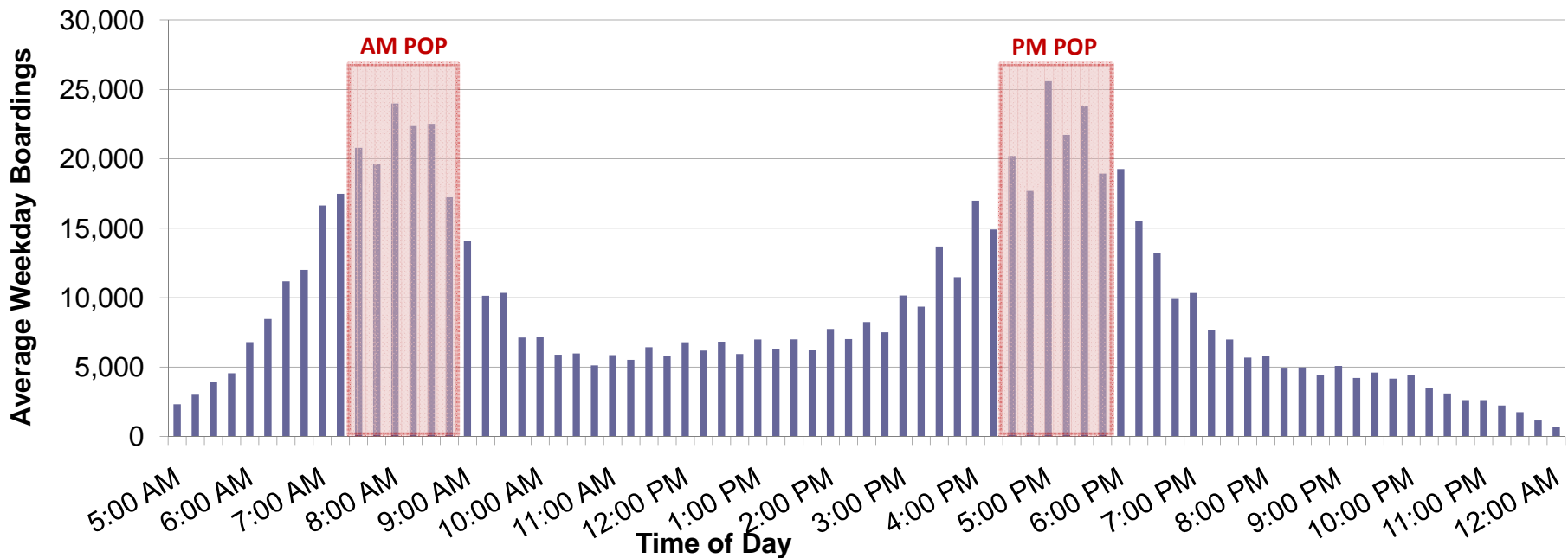
Peak-of-Peak Fare Surcharge Principles

- Charge riders in periods of peak demand to reduce system congestion
- Generate extra fare revenue on Metrorail and Metrobus
- Apply peak-of-peak (POP) pricing to spread out loads during the peak and impact as few other riders as possible



Peak of Peak Characteristics

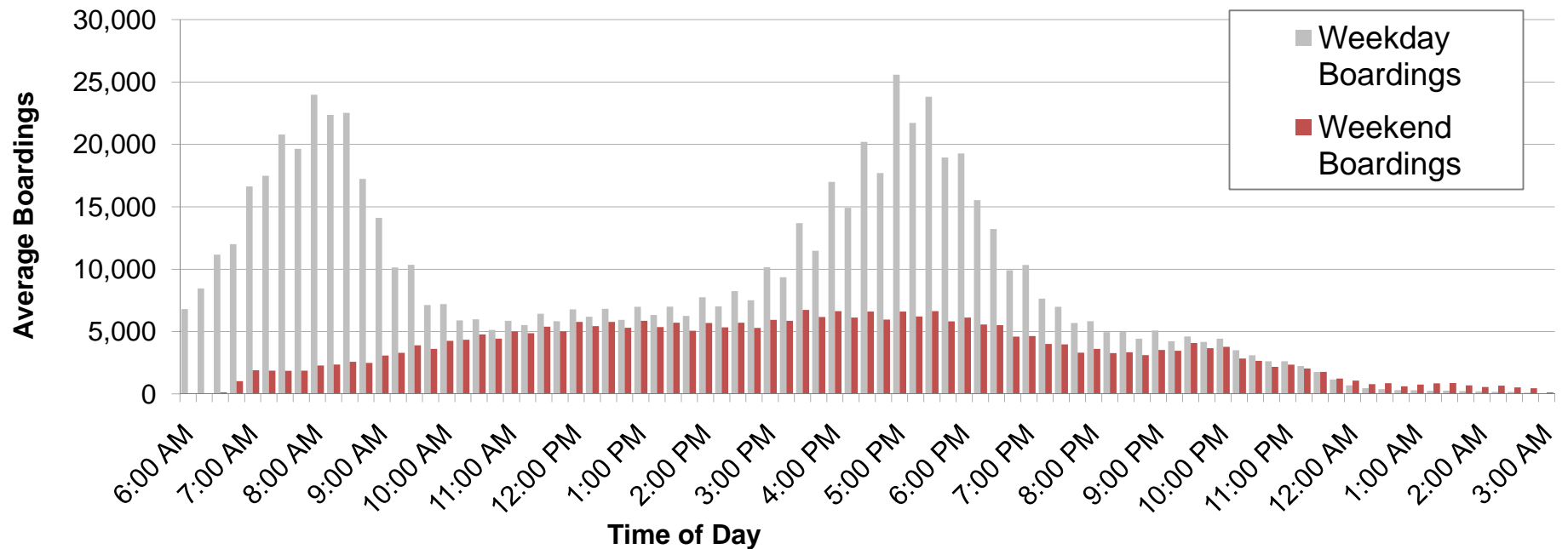
- Peak-of-the-peak (POP): 7:30AM-9AM and 4:30PM-6PM
- Each POP carries 50% of peak period boardings and 17% of daily boardings
- Riders in the peak one-hour will likely pay POP surcharge while those in the shoulders will likely shift to regular peak fare





Weekend Ridership

- No significant peaking compared to weekday pattern
- Very high variability in weekend ridership
- Weekend riders much more sensitive to fare increases compared to weekday peak period riders





POP Surcharge Options



Option 1: All stations

- Apply 10 cents surcharge at all stations

Option 2: All stations

- Apply 20 cents surcharge at all stations



POP Surcharge Options



Option 3: To congested core stations

- Apply surcharge for exiting core stations in AM, entering in PM
- Affect 21 stations
 - Include 17 top stations based on **highest AM exits**
 - Add 4 other stations for system continuity
 - Arlington Cemetery
 - Mt. Vernon Square
 - Pentagon
 - Pentagon City



POP Surcharge Options



Option 4: To-and-through congested core

- Apply surcharge for all trips to or through core stations
- Affect stations based on **peak load locations**
- Remove stations from the previous list:
 - Capitol South
 - Crystal City
 - Dupont Circle
 - Federal Center SW
 - Pentagon City



Financial and Ridership Impact

Assumptions

- 2% weekday ridership growth from FY2009 to FY2011
- Impact assessment based on August 1, 2010 implementation (11 months)
- Surcharge based upon system entry for both AM and PM
- A portion of POP riders could shift commute to regular peak
 - 5% POP riders shift to regular peak at 10 cents surcharge
 - 10% POP riders shift at 20 cents surcharge
 - 30% POP riders shift at 50 cents surcharge



Financial and Ridership Impact (FY2011)



Option	1: Charge All 10 cents	2: Charge All 20 cents	3: Charge Trips to Congested Core	4: Charge Trips To-and-Through
Surcharge	\$0.10	\$0.20	\$0.20 / \$0.50	\$0.20 / \$0.50
Annual Revenue Gain	\$4.5M	\$7.7M	\$5.1M / \$6.9M	\$7M / \$10M
Annual Ridership Affected	57M	57M	37.4M	50.3M
Daily riders paying surcharge	230K	200K	140K / 110K	190K / 140K
Daily riders shifting to regular peak	12K	25K	16K / 49K	22K / 65K
Daily riders leaving Metrorail	1.2K	3.3K	2.0K / 7K	2.8K / 9K



Comparison of Peak-of-Peak Options

Option	1 & 2: Charge All	3: To Congested Core	4: To-and-Through
Metro	<ul style="list-style-type: none">+ Easy to implement fare table+ Lower ridership impact+ Captures revenue from all POP riders across the system	<ul style="list-style-type: none">+ Reduces congestion at heavily used stations- Captures revenue from only POP riders to core stations	<ul style="list-style-type: none">+ Reduces congestion on maximum load locations+ Captures revenue from all POP riders to and through the core
Riders	<ul style="list-style-type: none">+ Easy to understand- Impacts reverse-commute trips	<ul style="list-style-type: none">+ Reduces crowding during peak+ Does not impact reverse commute- Questionable public acceptance	<ul style="list-style-type: none">+ Reduces crowding during peak- Impacts reverse commute- Questionable public acceptance- Difficult to understand



Bus Peak-of-the-Peak

- Proposal: Charge \$0.10 or \$0.20 for bus trips during peak-of-the-peak periods, from 7:30AM-9AM and 4:30PM-6PM

Option		
Surcharge	\$0.10	\$0.20
Ridership	-0.2 M	-0.6 M
Revenue	\$1.2 M	\$2.2 M



Cash and SmarTrip® Differential on Bus

- Proposal: Charge \$0.25, rather than \$0.10, for the use of cash on busses

Option	
Surcharge	\$0.25
Ridership	-0.7 M
Revenue	\$1.5 M



Fare Table

Fare Category					Revenue (\$M)	Ridership (M)
	Current	Proposed	Change	%		
METRORAIL						
Increase Regular (Peak) fares						
Increase peak period boarding charge (less than 3 miles)	\$ 1.65	\$ 1.90	\$ 0.25	15%		
Increase 1st Tier of peak period mileage charge (3 to 6 miles)	\$ 0.260	\$ 0.299	\$ 0.039	15%		
Increase 2nd Tier of peak period mileage charge (6 miles to peak)	\$ 0.230	\$ 0.265	\$ 0.035	15%		
Increase the Max peak period fare	\$ 4.50	\$ 5.00	\$ 0.50	11%		
Sub-total					\$ 42.00	(2.9)
Implement Peak-of-the-Peak pricing			\$ 0.10		\$ 4.50	
7:30 to 9:00 in AM peak						
4:30 to 6:00 in PM peak						
Increase Discounted (Off-peak) fares						
Boarding Charge (First 7 miles)	\$ 1.35	\$ 1.55	\$ 0.20	15%	\$ 7.80	(1.6)
1st Tier (7 to 10 miles)	\$ 1.85	\$ 2.10	\$ 0.25	14%	\$ 3.50	(0.4)
2nd Tier (over 10 miles)	\$ 2.35	\$ 2.70	\$ 0.35	15%	\$ 3.50	(0.4)
Sub-total					\$ 14.80	
Increase pass prices consistent with the boarding charges, no higher than 15 percent to deal with rounding and consistent with federal and other requirements				15%	\$ 0.60	
Reduce the Rail-to-bus transfer period from 3 hrs. to 2 hrs.					\$ 1.80	(1.2)
TOTAL:					\$ 63.70	(6.5)
METROBUS						
Increase the boarding charge with 10 cents cash/Smartertrip differential	\$ 1.25	\$ 1.50	\$ 0.25	20%	\$ 11.00	(3.5)
Increase the cash/Smartertrip boarding charge on express buses	\$ 3.00	\$ 3.65	\$ 0.65	22%	\$ 1.50	(0.1)
Increase the bus fare on the Dulles (5A) and BWI shuttles (B30)	\$ 3.10	\$ 6.00	\$ 2.90	94%	\$ 1.20	(0.2)
Increase the weekly bus pass price	\$ 11.00	\$ 15.00	\$ 4.00	36%	\$ 6.00	(1.0)
Reduce bus-to-bus transfer period from 3 hrs to 2 hrs.					\$ 4.00	(3.4)
Continue practice of fare buy-downs per Compact					N/A	
Total:					\$ 23.70	(8.2)
METROACCESS						
Increase the MetroAccess fare (twice the comparable base bus fare)					\$ 1.10	
Total:					\$ 1.10	
OTHER						
Increase bicycle locker yearly rental fee (1,200 lockers)	\$ 70.00	\$ 200.00	\$ 130.00	186%	\$ 0.20	
Total:					\$ 0.20	
TOTAL					\$ 88.70	(14.7)
OTHER INCREASES						
Raise all parking fees by \$0.50	varies	\$ 0.50			\$ 6.50	
Increase reserved parking fee*	\$ 55.00	\$ 60.00	\$ 5.00	9%	\$ 0.25	
*Implement Variable Reserved Parking Pricing per General Manager						
Increase the boarding charge for E&D on express buses	\$ 0.60	\$ 1.85	\$ 1.25	208%	\$ 0.01	
Institute special fares for special events						
Implement special surcharge of \$0.05 for specific capital needs						
Implement a special surcharge of \$0.25 for non-Smartertrip rail transactions	\$ 0.00	\$ 0.25	\$ 0.25		\$ 4.50	
Implement Flat Fare for boardings 12 AM-2 AM on Saturday/Sunday	\$ 2.35	\$ 4.00	\$ 1.65	70%	\$ 2.25	
TOTAL:					\$ 13.51	
GRAND TOTAL					\$ 102.21	
GRAND TOTAL, Excluding MetroAccess					\$ 101.11	
METRO ACCESS						
Increase the supplemental fare for service provided in Zone 1	\$ 1.00	\$ 2.00	\$ 1.00	100%	\$ 0.071	
Increase the supplemental fare for service provided in Zone 2	\$ 2.00	\$ 3.00	\$ 1.00	50%	\$ 0.005	
Increase the supplemental fare for service provided in Zone 3	\$ 3.00	\$ 4.00	\$ 1.00	33%	\$ 0.001	
Increase the supplemental fare for service provided in Zone 4	\$ 4.00	\$ 5.00	\$ 1.00	25%	\$ -	
Total:					\$ 0.0765	
Total Metro Access (Including \$1.1 above)					\$ 1.1765	
GRAND TOTAL					\$ 102.28	



Fare Table – Reflecting Committee Direction

Fare Category	Current	Proposed	Change	%	Revenue (\$M)	Ridership (M)
METRORAIL						
Increase Regular (Peak) fares						
Increase peak period boarding charge (less than 3 miles)	\$ 1.65	\$ 1.90	\$ 0.25	15%		
Increase 1st Tier of peak period mileage charge (3 to 6 miles)	\$ 0.260	\$ 0.299	\$ 0.039	15%		
Increase 2nd Tier of peak period mileage charge (6 miles to peak)	\$ 0.230	\$ 0.265	\$ 0.035	15%		
Increase the Max peak period fare	\$ 4.50	\$ 5.00	\$ 0.50	11%		
Sub-total					\$ 42.00	(2.9)
Implement Peak-of-the-Peak pricing			\$ 0.20		\$ 7.70	
7:30 to 9:00 in AM peak						
4:30 to 6:00 in PM peak						
Increase Discounted (Off-peak) fares						
Boarding Charge (First 7 miles)	\$ 1.35	\$ 1.55	\$ 0.20	15%	\$ 7.80	(1.6)
1st Tier (7 to 10 miles)	\$ 1.85	\$ 2.10	\$ 0.25	14%	\$ 3.50	(0.4)
2nd Tier (over 10 miles)	\$ 2.35	\$ 2.70	\$ 0.35	15%	\$ 3.50	(0.4)
Sub-total					\$ 14.80	
Increase pass prices consistent with the boarding charges, no higher than 15 percent to deal with rounding and consistent with federal and other requirements				15%	\$ 0.60	
Reduce the Rail-to-bus transfer period from 3 hrs. to 2 hrs.					\$ 1.80	(1.2)
TOTAL:					\$ 66.90	(6.5)
METROBUS						
Increase the boarding charge with 10 cents cash/Smartrip differential	\$ 1.25	\$ 1.50	\$ 0.25	20%	\$ 11.00	(3.5)
Increase the cash/Smartrip boarding charge on express buses	\$ 3.00	\$ 3.65	\$ 0.65	22%	\$ 1.50	(0.1)
Increase the bus fare on the Dulles (5A) and BWI shuttles (B30)	\$ 3.10	\$ 6.00	\$ 2.90	94%	\$ 1.20	(0.2)
Increase the weekly bus pass price	\$ 11.00	\$ 15.00	\$ 4.00	36%	\$ 6.00	(1.0)
Reduce bus-to-bus transfer period from 3 hrs to 2 hrs.					\$ 4.00	(3.4)
Continue practice of fare buy-downs per Compact					N/A	
Total:					\$ 23.70	(8.2)
METROACCESS						
Increase the MetroAccess fare (twice the comparable base bus fare)					\$ 1.10	
Total:					\$ 1.10	
OTHER						
Increase bicycle locker yearly rental fee (1,200 lockers)	\$ 70.00	\$ 200.00	\$ 130.00	186%	\$ 0.20	
Total:					\$ 0.20	
TOTAL					\$ 91.90	(14.7)
OTHER INCREASES						
Raise all parking fees by \$0.50	varies				\$ -	
Increase reserved parking fee*	\$ 55.00	\$ 60.00	\$ 5.00	9%	\$ 0.25	
*Implement Variable Reserved Parking Pricing reduction per General Manager						
Increase the boarding charge for E&D on express buses	\$ 0.60	\$ 1.85	\$ 1.25	208%	\$ 0.01	
Institute special fares for special events						
Implement special surcharge of \$0.05 for specific capital needs					\$ 4.50	
Implement a special surcharge of \$0.25 for non-Smartrip rail transactions	\$ 0.00	\$ 0.25	\$ 0.25		\$ 4.50	
Charge peak fare on rail from midnight to closing	\$ 2.35	\$ 5.00	\$ 2.65	113%	\$ 0.80	
TOTAL:					\$ 5.56	
GRAND TOTAL					\$ 97.46	(14.70)
GRAND TOTAL, Excluding MetroAccess					\$ 96.36	
METRO ACCESS						
Increase the supplemental fare for service provided in Zone 1	\$ 1.00	\$ 2.00	\$ 1.00	100%	\$ 0.071	
Increase the supplemental fare for service provided in Zone 2	\$ 2.00	\$ 3.00	\$ 1.00	50%	\$ 0.005	
Increase the supplemental fare for service provided in Zone 3	\$ 3.00	\$ 4.00	\$ 1.00	33%	\$ 0.001	
Increase the supplemental fare for service provided in Zone 4	\$ 4.00	\$ 5.00	\$ 1.00	25%	\$ -	
Total:					\$ 0.0765	
Total Metro Access (Including \$1.1 above)					\$ 1.1765	



Recommendation

- That the Board provide final guidance on fare increases