



**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 (+ \$2.7 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

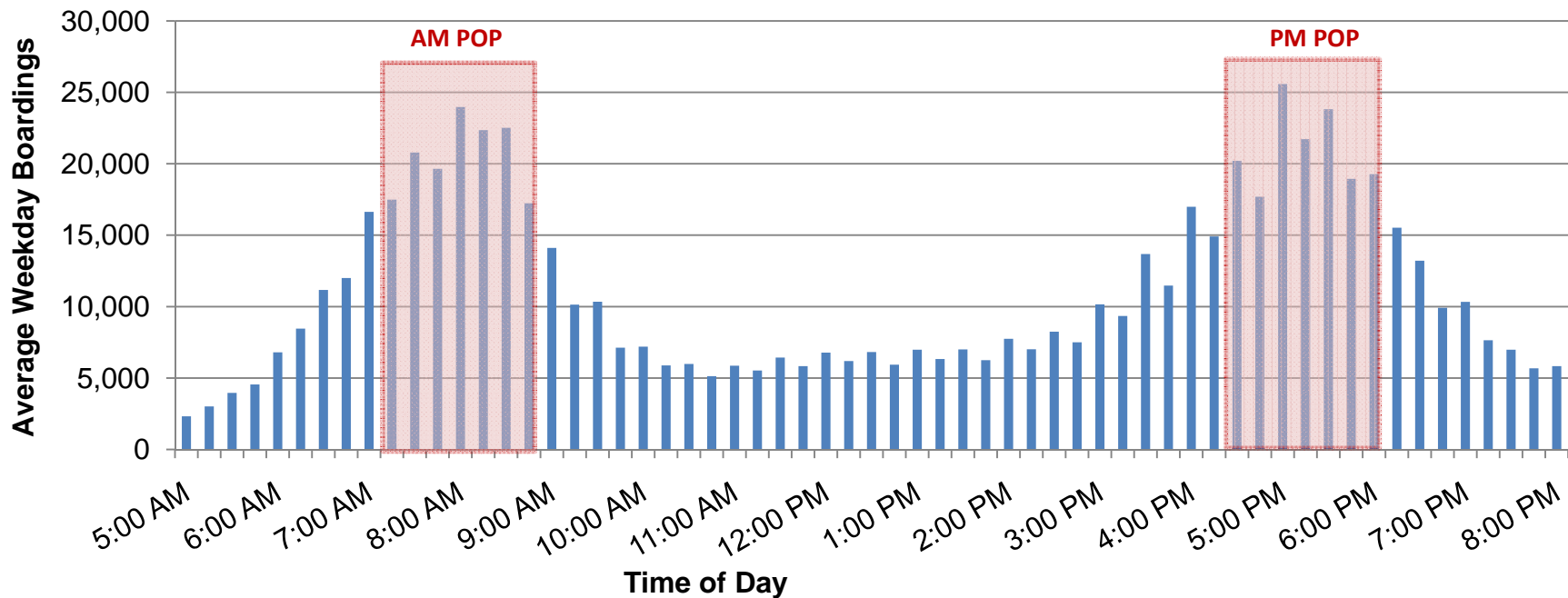
- Charge riders in periods of peak demand to reduce system congestion
- Generate extra fare revenue on Metrorail and Metrobus
- Apply peak-of-peak (POP) pricing to spread out loads during the peak and impact as few other riders as possible





# 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





# 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
<b>Surcharge</b>	\$0.10	\$0.20	\$0.20 / \$0.50	\$0.20 / \$0.50
<b>Annual Revenue Gain</b>	\$4.5M	\$7.7M	\$5.1M / \$6.9M	\$7M / \$10M
<b>Annual Ridership Affected</b>	57M	57M	37.4M	50.3M
<b>Daily riders paying surcharge</b>	230K	200K	140K / 110K	190K / 140K
<b>Daily riders shifting to regular peak</b>	12K	25K	16K / 49K	22K / 65K
<b>Daily riders leaving Metrorail</b>	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
<b>Metro</b>	<ul style="list-style-type: none"><li>+ Easy to implement fare table</li><li>+ Lower ridership impact</li><li>+ Captures revenue from all POP riders across the system</li></ul>	<ul style="list-style-type: none"><li>+ Reduces congestion at heavily used stations</li><li>- Captures revenue from only POP riders to core stations</li></ul>	<ul style="list-style-type: none"><li>+ Reduces congestion on maximum load locations</li><li>+ Captures revenue from all POP riders to and through the core</li></ul>
<b>Riders</b>	<ul style="list-style-type: none"><li>+ Easy to understand</li><li>- Impacts reverse-commute trips</li></ul>	<ul style="list-style-type: none"><li>+ Reduces crowding during peak</li><li>+ Does not impact reverse commute</li><li>- Questionable public acceptance</li></ul>	<ul style="list-style-type: none"><li>+ Reduces crowding during peak</li><li>- Impacts reverse commute</li><li>- Questionable public acceptance</li><li>- Difficult to understand</li></ul>



## 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	Current	Proposed	Change	%	Revenue (\$M)	Ridership (M)
<b>METRO RAIL</b>						
<b>Increase Regular (Peak) fares</b>						
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%		
<b>Sub-total</b>					<b>\$ 42.00</b>	<b>(2.9)</b>
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						
<b>Increase Discounted (Off-peak) fares</b>						
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)
<b>Sub-total</b>					<b>\$ 14.80</b>	
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)
<b>TOTAL:</b>					<b>\$ 63.70</b>	<b>(6.5)</b>
<b>METROBUS</b>						
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	
<b>Total:</b>					<b>\$ 23.70</b>	<b>(8.2)</b>
<b>METROACCESS</b>						
Increase the MetroAccess fare (twice the comparable base bus fare)					\$ 1.10	
<b>Total:</b>					<b>\$ 1.10</b>	
<b>OTHER</b>						
Increase bicycle locker yearly rental fee (1,200 lockers)	\$ 70.00	\$ 200.00	\$ 130.00	186%	\$ 0.20	
<b>Total:</b>					<b>\$ 0.20</b>	
<b>TOTAL</b>					<b>\$ 88.70</b>	<b>(14.7)</b>
<b>OTHER INCREASES</b>						
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	
<b>TOTAL:</b>					<b>\$ 13.51</b>	
<b>GRAND TOTAL</b>					<b>\$ 102.21</b>	
<b>GRAND TOTAL, Excluding MetroAccess</b>					<b>\$ 101.11</b>	
<b>METRO ACCESS</b>						
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%	\$ -	
<b>Total:</b>					<b>\$ 0.0765</b>	
<b>Total Metro Access (Including \$1.1 above)</b>					<b>\$ 1.1765</b>	
<b>GRAND TOTAL</b>					<b>\$ 102.28</b>	



## Recommendation

- That the Board provide final guidance on fare increases