



Caltrain Fare Policy Adoption

Board of Directors
November 1, 2018
Agenda Item #8



Caltrain Fare Policy Overview





What is a Fare Policy?

- **A fare policy:**
 - Contains the principles and goals that guide a transit agency in setting and collecting fares
 - Is adopted by the Board of Directors
- **A fare structure:**
 - Consists of fare strategy (zone vs. distance fares), fare media, and pricing levels
- **A codified tariff:**
 - Is a separate legal document, also adopted by Board
 - Implements the fare policy
 - Codifies the fare structure (including fare media and pricing) for the agency



Context for Caltrain's Fare Policy

- This will be Caltrain's first Fare Policy
 - Previous fare changes have generally been driven by budget shortfalls
 - Policy will establish high-level goals to guide decision-making around fares
- Developing a fare policy was a key recommendation from Fare Study Phase 1
 - Provide policy guidance for addressing financial, ridership, and equity issues with fares
- Requested by the Board of Directors



Context for Caltrain's Fare Policy

- Informed by extensive discussion about fares with Board members, staff, and the public at JPB meetings dating back to 2016:
 - Phase 1 of the Fare Study:
 - August 2016
 - June 2017
 - January 2018
 - May 2018
 - Fare Policy:
 - October 2018



Proposed Policy Overview

- Four topic areas for policy goals discussed with Board in October:
 - Financial Sustainability
 - Equity
 - Customer Experience
 - Ridership
- All goals are equally important
- Caltrain Fare Policy proposed for adoption today



Proposed Caltrain Fare Policy





Caltrain Fare Policy – Preamble

- The Caltrain Fare Policy (Fare Policy) is a framework of high-level goals that underlie and guide fare-related decisions for the Caltrain system. Caltrain's Codified Tariff is a separate legal document that should align with and implement the Fare Policy by setting the fare strategy (zone- vs. distance-based fares), products, and pricing. When making fare-related decisions, all of the goals in this Fare Policy should be considered as a whole. This Fare Policy may be reviewed and updated as needed, including for alignment with the implementation of the Caltrain Business Plan or the start of electrified train service.



Financial Sustainability

- Ensure the agency's ongoing financial health, including the need for a balanced operating budget and support for capital programs.
- Achieve a farebox recovery ratio for the operating budget of at least 65 percent, until such time as there is an independent, stable source of funding to cover a significant portion of the agency's operating costs.
- Support achievement of other financial policy goals of the agency, such as the Caltrain Reserve Policy.
- Maintain fare products and collection methods that are cost-effective and **easy simple** for the agency to administer.

Equity

- Advocate for and participate in regional programs that make it more affordable for low-income customers to use transit.
- Ensure consistency across fare products in the revenue generated per passenger and per passenger mile.
- Comply, at a minimum, with federal requirements for providing fare discounts, and for minimizing disparate impacts on minority riders and disproportionate burdens on low-income riders.

Customer Experience

- Ensure that the fare system, including strategy, products, and pricing, is easy for customers to understand and use.
- Provide predictable and incremental fare changes.
- Encourage intermodal connections and consistency with the agency's Comprehensive Access Policy.
- Seek integration with and participate in State and regional fare programs.

Ridership

- Support achievement of the agency's goals on ridership.
- Maximize the use of the agency's infrastructure assets.
- Consider structuring fares to incentivize rider behavior in support of the agency's policy goals.

Next Steps



Recommended Next Steps

- November JPB:
 - Seek Board adoption of Proposed Fare Policy
- Winter 2019:
 - Review Codified Tariff and report to Board on recommended changes to align with Fare Policy
 - Seek Board approval of changes to Codified Tariff