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
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
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