History

- Last Caltrain Fare Study 2001
  - Ridership influenced by price

- Much has changed since 2001
  - Significant ridership growth

- Caltrain lacks dedicated funding source
  - Limited financial resources

- Strategic Plan includes number of objectives related to fares and revenue
Background & Context

• Caltrain Fare Increase 2016
• JPB requested Fare Study to explore policy/structure
  - Was expected to support potential 2018 Fare Increase
• Fare study effort commenced in 2016
  - Staff solicited input from JPB in August; presented update in November
• FYI8 Budget gap resulted in Fare Increase being accelerated
• Relationship to Business Plan

Study Overview

• Currently, no fare policy in place
• Fare Study Objectives:
  - Identify potential opportunities to maximize revenue;
  - Enhance ridership; and
  - Safeguard social and geographic equity.
• Explore the trade-off’s with Caltrain’s current funding structure
• Promulgate policy
Fare Study Relationship to Fare Increase

- Fare increase retains current structure
- Fare increase responds to FY18 budget gap
- Fare study addresses longer-term goals/objectives
  - Study the current elasticity of system
  - Examine revenue opportunities in relationship to public service goals
- Fare study providing level of confidence in discrete areas of FY18 fare increase

Key Questions for the Fare Study

- What is the current elasticity on the system?
- How much revenue can and should Caltrain generate from fares?
- Is the current fare and pass structure the right fit for Caltrain?
- How should Caltrain phase and implement changes to its fare system?
Scope of Study

- Phase I Tasks: Determine current elasticity
  - Study current structure & passes
  - Industry best practices
    - Local peer agencies
  - Rider Survey
  - Elasticity Modeling
    - Overall elasticity of the system
    - Discount passes
    - Off-Peak discount

Fare Elasticity

- The relationship between pricing and use (i.e., ridership)
- Determine correct fare elasticity applied to potential changes to the Caltrain fare structure
- Allows a more nuanced fare policy
- Informed assessment of how changes to the fare structure may impact ridership and revenue
Scope of Study

• Phase II: Promulgate Fare Policy
  - Use Phase I data to develop recommendations
  - Conduct public and stakeholder outreach regarding the options
  - Draft policy to support choices
  - Options could include:
    - No change in structure; change in pricing
    - Moderate change in structure; change in pricing
    - New structure; aggressive pricing goals
    - Etc

Outreach & Stakeholder Engagement

• Phase I – research oriented
  - Partner agency collaboration
  - Focus Group (May) and Rider survey (Aug/Sept)
  - JPB and CAC: Summer/Fall

• Phase II – policy promulgation and implementation
  - All of the above plus
  - Public meetings
  - Title VI process
  - Update Tariff (as appropriate)
Phase 1 Tasks and Timing:

- **Currently underway: (March – July)**
  - Refine Study Purpose & Need
  - Draft Existing Conditions & Background report
  - Discount Pass Program Analysis
  - Peer Review
  - Develop Goals & Performance Measures

- **Upcoming in Summer/Fall 2017:**
  - Rider Survey: Aug – Sept
  - Fare Elasticity Modeling and Analysis: Sept-Nov
  - Parking Study: July - Nov
  - Develop Phase 2 Program: Oct - Dec

Fare Study Analysis

- **Data sources:** 2016 Triennial Survey, Ridership Counts, Revenue Data
- **Analysis of existing data can help answer some important fare questions:**
  - Who is currently riding Caltrain and how are they using the system?
  - How does fare product use vary by rider demographic groups? Has this shifted over time?
  - How much revenue is generated by each fare product? How much revenue is generated per passenger and per passenger mile? Has this shifted over time?
Current Fare Product Data

<table>
<thead>
<tr>
<th>Fare Product</th>
<th>Percentage of Revenue*</th>
<th>Percentage of Passengers**</th>
<th>Revenue per Passenger</th>
<th>Average Trip Distance+</th>
<th>Revenue per Passenger Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-way Ticket</td>
<td>17%</td>
<td>12%</td>
<td>$6.90</td>
<td>27.9</td>
<td>$0.26</td>
</tr>
<tr>
<td>Day Pass</td>
<td>13%</td>
<td>10%</td>
<td>$6.50</td>
<td>31.4</td>
<td>$0.21</td>
</tr>
<tr>
<td>Go Pass</td>
<td>13%</td>
<td>21%</td>
<td>$2.90</td>
<td>20.9</td>
<td>$0.13</td>
</tr>
<tr>
<td>Clipper Cash Value</td>
<td>15%</td>
<td>16%</td>
<td>$4.60</td>
<td>25.2</td>
<td>$0.18</td>
</tr>
<tr>
<td>Clipper 8-ride ticket</td>
<td>5%</td>
<td>5%</td>
<td>$5.00</td>
<td>26.5</td>
<td>$0.19</td>
</tr>
<tr>
<td>Monthly Pass</td>
<td>36%</td>
<td>37%</td>
<td>$4.70</td>
<td>24.9</td>
<td>$0.19</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>$4.80</td>
<td>25.1</td>
<td>$0.19</td>
</tr>
</tbody>
</table>

Notes: Includes Eligible Discount fares for each product; revenue per passenger rounded to nearest tenth.

* Reflects revenue total for the month of October 2016
** Reflects Triennial survey respondents over the course of month of October 2016
+ Reflects average trip distance of Triennial survey respondents over course of the month of October 2016

Sources: October 2016 Revenue; October 2016 Triennial Survey

Fare Study Analysis

- Collecting and analyzing new data is needed to help answer other important questions:
  - How do our riders pay their fare?
  - How does this vary by rider demographic groups and by fare product?
  - How could Caltrain use fares to influence capacity and shift ridership out of the peak periods?
  - How could Caltrain use fares to help address equity concerns? How would this affect ridership and revenue for the agency?
Questions?