



# Caltrain Fare Study Update

Board of Directors

June 1, 2017

Agenda Item 13



## 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
- **FY18 Budget gap resulted in Fare Increase being accelerated**
- **Relationship to Business Plan**

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## 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**

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## 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

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## 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?

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## 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

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## 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**

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## 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

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## 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)

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## 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

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## 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?

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## Current Fare Product Data

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

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

<sup>+</sup> 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?**