



Regional Means-Based Fare Pilot Program

Board of Directors
February 7, 2019
Agenda Item #10



Overview

- Pilot program overview
- Caltrain ridership demographics
- Caltrain Fare Policy goal
- Potential effects of Caltrain's participation
- Pilot program conclusion
- Recommended next steps



Pilot Program Overview





Pilot Program Overview

- Provide a minimum 20% discount off of one-way adult Clipper Card fares to low-income transit riders
 - 20% discount: BART, Golden Gate Transit Bus & Ferry, and Caltrain
 - 50% discount: Muni
- Eligible participants: Adults in households earning less than 200% of Federal Poverty Level

Household Size	Annual Household Income for 200% of FPL (2019)
1	\$24,980
2	\$33,820
3	\$42,660
4	\$51,500
5	\$60,340
6	\$69,180



Pilot Program Overview

- Duration: 12 – 18 months
 - Targeted launch: Oct – Nov 2019
- Implemented on existing Clipper system; participants will receive special Clipper card
- Centrally administered for the region
- Funding for pilot program:
 - \$11M per year from MTC, using SB1 and LCTOP funds
 - Funding will first cover administrative costs for program (estimated at \$3M per year)
 - Remaining funds will then defray transit operators' revenue losses (total per year to be distributed estimated at \$8M)



Caltrain Ridership and Demographics





Caltrain Ridership – 2018

Ridership Stats

- Average mid-week ridership¹: 65,095
- Percentage of average mid-week ridership in the AM and PM peak periods¹: 84.6%
- Average mid-week ridership trip distance¹: 22.9 mi
- Total annual passengers²: 18,648,850

Notes:

1. Source: 2018 Annual Passenger Count Report
2. Source: FY17 NTD Annual Total Ridership



Caltrain Ridership – 2016

Annual Household Income

- Over 60% of Caltrain riders earn more than \$100,000 each year.

2016 Annual Household Income

\$0 - \$49,999	15%
\$0 - \$29,999	8%
\$30,000 - \$39,999	3%
\$40,000 - \$49,999	4%
\$50,000 - \$99,999	24%
\$100,000 - \$150,000	22%
\$150,000 - \$200,000	16%
\$200,000+	23%
Total	100%

*Source: 2016 Triennial Survey.
Numbers may not add up due to rounding.*



Caltrain Fare Policy Goal





Caltrain Fare Policy – Equity Goal

- “Advocate for and participate in State and regional programs that make it more affordable for low-income customers to use transit.”



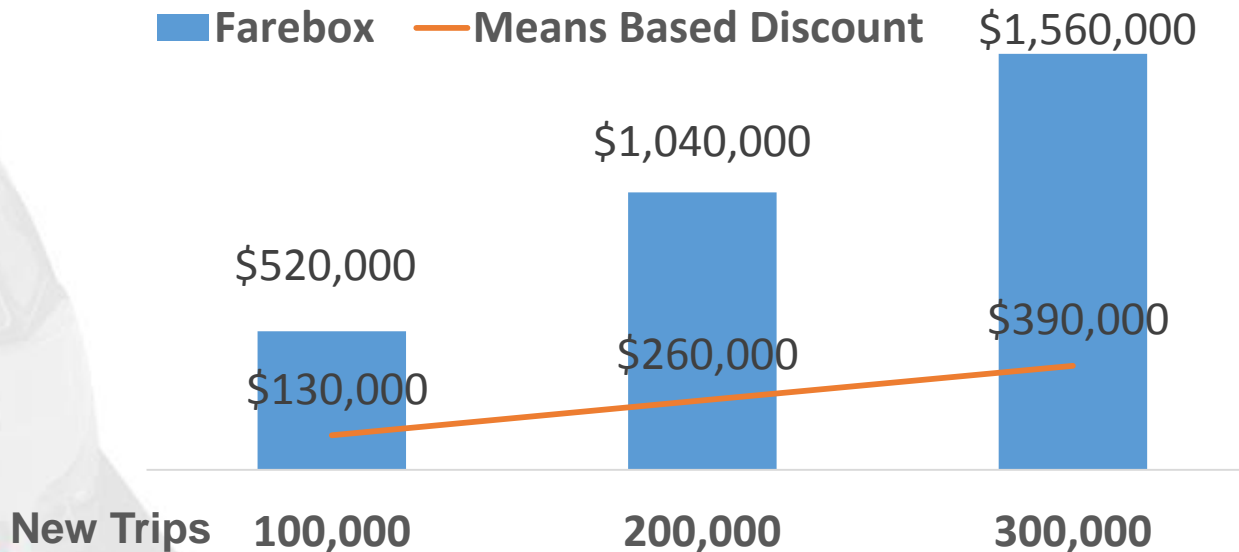
Potential Effects of Caltrain's Participation in Regional Means- Based Fare Pilot Program





Estimated Pilot Program Participation

- **Existing riders-** Based on the fare model elasticity, a 20% discount would increase trips by 2% - 4% (34K - 68K trips)
- **Potential new riders-** It is unknown how many new trips the program would generate. For every 100K new trips, we will generate an estimated \$520K of new revenue and \$130K of program discount





Program Impact Estimates

- Working with MTC, a potential program revenue loss of \$0.4M - \$1.8M was estimated for existing riders
- New trips generated by the program will generate additional offsetting revenue
- **Participation in the program is estimated to be revenue accretive if new trips are generated**

	<i>New Fares</i>	<i>Discounted Fares</i>	<i>MTC Subsidy</i>	<i>Net Fares</i>
Existing Rider Trips	-	\$(1.10)M	\$0.55M	\$(0.55)M
Existing Rider New Trips (+3%)	\$0.27M	\$(0.07)M	\$0.03M	\$0.23M
New Rider Trips (200K)	\$1.04M	\$(0.26)M	\$0.13M	\$0.91M
Total	\$1.3M	\$(1.4)M	\$0.7M	\$0.6M



Caltrain's Projected Budget Deficits: FY20 – FY 22

- Caltrain is facing budget deficits for FY20-FY22 which were presented at the December 2018 Board Budget Workshop, :
 - FY20: \$5.1M deficit projected
 - FY21: \$13.1M deficit projected
 - FY22: \$17.8M deficit projected
- The projections do not include future fare changes
- Budget discussions are currently underway



Closing the Gap - Fares

- All of the scenarios tested are estimated to have relatively modest negative impacts on ridership
- Each of the scenarios tested are estimated to generate incremental annual revenue:
 1. Increasing Base Fare by \$0.25 - **\$1.4M - \$1.9M**
 2. Increasing Zone Fare by \$0.25 - **\$2.7M - \$4.0M**
 3. Reducing Clipper Card discount to \$0.20 off Base Fare - **\$1.7M - \$2.4M**
 4. Removing Clipper Card discount of \$0.55 off Base Fare - **\$2.7M - \$3.9M**
 5. Increasing Go Pass by 15% - **\$1.5M in FY20, \$3M in FY21**
 6. Participating in Regional Means-based Fare Pilot Program – **(\$0.3M) - \$0.6M**



Cost of Running a Similar Program

- OrcaLift (Seattle) Low-Income Fare Program: \$1.50 flat fare on participating transit agencies
 - Total administration cost per year: \$3.2M
 - Launched 2015; 69,000 enrollees so far
 - Survey results indicate users are riding transit more, likely reducing revenue loss
- Tri-Met's (Portland) Low-Income Fare Program: 50% discount off of adult single-ride fares; 72% discount off of monthly pass
 - Total cost per year: \$12M (including administration and revenue loss)
 - Launched fall 2018; aiming for 15,000 enrollees in first year



Pilot Program Conclusion





MTC Evaluation Process

- MTC will complete an evaluation of the program beginning at 12 months and concluding at 18 months (the Pilot Program's duration).
- Creation of a long-term, permanent program will be assessed during/after the evaluation
 - MTC has set aside LCTOP and SB-1 funds not only for the Pilot Program but an ongoing, long-term program if the program continues – totaling ~\$11M each year
 - Operators will assess at that time whether or not to continue participating in permanent program. New operators may opt to join the program then as well.



Caltrain Evaluation Process

- Caltrain staff plan to complete an evaluation of the pilot program at its conclusion, using Clipper data and any participant survey data available
- Potential metrics to use (TBD in spring 2019):
 - Total number of trips from participants
 - Average weekday ridership from participants
 - Participants' frequency of Caltrain use
 - Number of new Caltrain riders from program
 - Participants' trip time distribution (peak vs. off-peak)
 - Revenue impact: Gross revenue loss; subsidy provided by MTC; estimated financial gains from new ridership; net revenue loss

Recommended Next Steps





Recommended Next Steps

- Adopt resolution of support for Caltrain's participation in pilot program
- Staff to proceed with the following tasks in winter/spring 2018:
 - Continue to participate in pilot program development
 - Update the Codified Tariff to include means-based fare pilot program
 - Develop a pilot program agreement with MTC
- Report back to Board in spring 2019 with pilot program update