



Legislation Text

File #: 18-187, Version: 1

TO: Mayor and Members of City Council

THRU: Jay Reinstein, Assistant City Manager

FROM: Randy Hume, Transit Director

DATE: May 7, 2018

RE: Discussion of Proposed Transit Fares for FY 2019 and setting a Public Hearing

COUNCIL DISTRICT(S):

All

Relationship To Strategic Plan:

Goal 4: Desirable Place to Live, Work and Recreate

Objective D: To develop and maintain public transportation investments with high quality transit and airport services

Executive Summary:

An increase in transit fares will be proposed for the FY 2019 Budget. Before a new fare structure can be approved, public notice and a public hearing is required by FAST's fare policy and Title VI program. To maximize the revenue impact for the budget, the process for implementing the proposed fare increase needs to begin as soon as possible. Timing of such actions are critical as it relates to overall budget adoption.

Our policies require a minimum fourteen (14) day notice of the public hearing. Once City Council approves a fare change, our fare policy requires a minimum 30 day advertisement or notice of the coming change to our customers and general public.

During the work session, staff will review the proposed fare structure changes, a comparison of fares to other peer cities and an estimate of new revenues that would be generated by the changes.

Background:

During the City Council's Strategic Planning Retreat, Council expressed an interest in a possible transit fare increase to support improvements made to the FAST system. Fares were last increased in April 2013. The current base fare is \$1.25 per ride with a \$3.00 a day pass that provides a

customer an unlimited number of rides and/or transfers within a 24 hour period of purchase on the bus or first use. A requirement related to our transit grants requires FAST to offer at least a 50% discount to senior adults and persons with disabilities. Also, the American with Disabilities Act (ADA) limits the fare for complementary paratransit or our FASTTRAC! service to two-times the base fare. As a convenience, FAST offers an array of multi-ride passes.

City Council has adopted a fare policy along with our Title VI program approved by the Federal Transit Administration (FTA) that requires a minimum fourteen (14) day notice of the public hearing. Once City Council approves a fare change, our fare policy requires a minimum 30 day advertisement or notice to our customers and general public before implementation.

There is an inelastic relationship between Transit fares and ridership, so a rate increase will typically result in a decrease in ridership, but will also generate more overall revenue.

FAST's basic fare is comparable to other peer and North Carolina transit systems with Greensboro (\$1.50) and Wilmington (\$2.00) being higher, while Winston-Salem, Asheville, and Durham are lower. Raleigh and FAST have the same basic fare and promote a day pass instead of providing free transfers when traveling in one direction. This attached comparison only considers local fares and not Raleigh's or Go Triangle's regional fares.

Our FTA grant provisions require fares for senior adults and persons with disabilities to be charged no more than 50% of our basic adult fare. Almost all of our peers use a 50% rate. FAST's discounted rate has historically been less than 50% of the full fare and is currently at 40% or \$0.50 per ride. It should be noted both Raleigh and Durham allow seniors to ride for free, while charging persons with disabilities a half fare. FAST does provide free rides to seniors and persons with disabilities on Thursdays (Free Thursdays). ADA limits the paratransit fare to twice the basic full adult fare. Most systems do charge paratransit customers close to the 200% level. FAST's ADA fare is \$2.00 or 160% of the \$1.25 base fare as is Raleigh. Wilmington is lower at 150% of its \$2.00 base fare or \$3.00. FAST currently offers a 12.5% discount to ADA customers buying its 10 or 20-ride passes. Most transit systems do not discount multi-ride passes for ADA complementary paratransit since the cost to provide this service is generally 8-10 times the cost to provide a fixed route bus trip.

FAST's fare recovery (2016 - 16.2%) of its total operating cost is slightly less than its peers although that peer average is skewed somewhat by Wilmington and Asheville who have much higher recovery ratios. Wilmington's fares include a portion of their student contract with UNCW while Asheville's paratransit service is operated by Buncombe County as opposed to a direct operation. Without these two, the 2016 average recovery rate was 16.4%.

The City's local funding of the FAST system is again slightly lower than average, but the percentage of fare revenue to local and state funding is lower at 29.2% compared to 34.5% if Wilmington is not included.

Staff is also proposing to stop accepting cash fares on FASTTRAC! ADA vans and require payment by prepaid passes or tickets. The vast majority of ADA customers already pay by prepaid passes. This will help FAST save on costs related to farebox repairs and replacement. Fareboxes and farebox parts are very expensive to purchase, particularly when compared to the small amount of money collected.

Staff has presented and discussed a potential fare increase with the FACT committee, and although

the committee is not opposed to a rate increase, they have not yet made any recommendation related to changes in the fare structure. This will be an agenda item again at the May 2018 FACT meeting.

Issues/Analysis:

Timing of the process to implement a fare increase and begin collecting additional revenue is critical to the budget process. There are many related tasks to public notices as well as changes to our farebox system to accept newly established fares.

Fare increases are typically unpopular with our transit customers and advocates for transit users. Council should expect to encounter vocal opposition to any proposed fare increase. Although there was little opposition to the 2013 increase, there was significant opposition to past fare proposals. An across-the-board increase is generally more acceptable than changes that target certain fare categories. In addition, the City has made significant investment in transit over the past several years.

Budget Impact:

It is projected that an increase to the base fare from \$1.25 to \$1.50 will generate approximately \$133,000 on an annual basis. Each month delay in implementing an increase will reduce that revenue for FY 2019.

Options:

Accept the report and direct staff to set a public hearing for the May 29, 2018 Council meeting; or
Accept the report and direct staff to set a public hearing for a later date; or
Provide additional direction to staff with regards to transit fares.

Recommended Action:

Accept the report and direct staff to set a public hearing for the May 29, 2018 Council meeting.

Attachments:

Peer City Fare Comparison
Fare Structure Presentation