

Fare Change Details

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DETAILS OF AMENDED PROPOSAL

Based on feedback received during public outreach and from the Board of Trustees, staff has amended their original fare change proposal as it relates to the pricing of the GoTriangle 7-day pass. Instead of an increase from \$16.50 to \$24 in FY20, staff now recommends an incremental increase in price to \$20 in early FY20 (to be commensurate with the implementation of mobile ticketing), and then another increase to \$24 in FY21—based on the results of an analysis of customer pass usage and the benefits of fare capping to be completed at that time.

Background

A Regional Fare Study was conducted as part of the Wake Bus Plan to identify opportunities for more consistent fare purchase and collection procedures, standardization of fare policies and improved technology for the partner agencies (GoTriangle, GoRaleigh, GoCary and GoDurham). As part of the study, a fare proposal was developed and will be proposed for adoption/approval by GoTriangle, GoRaleigh, and GoCary.

The following analysis discusses the following questions:

1. What is the fare proposal and how does it differ from today?
2. Why a fare change?
3. Who is affected by the fare proposal?
4. Will the fare proposal affect GoTriangle's ridership and revenue?
5. How has the public been made aware of the fare proposal and what has the response been?

1. What is the fare proposal and how does it differ from today?

Fare Pricing Structure Changes

With the approval of the recommended fare proposal (to be implemented by GoTriangle in early 2020, commensurate with mobile ticketing), GoRaleigh and GoCary local one-way base fares would be \$1.25, and GoTriangle regional/express services would be \$2.50 (see Table 1).

Fare Policy Changes

Seniors 65 and older will ride GoTriangle services free; currently, GoTriangle offers a 50% discount to seniors with ID. In order to better coordinate with GoRaleigh and GoCary, staff recommends that GoTriangle being offering free boardings for seniors to coincide with the August 4, 2020 service change date. Implementing this fare policy in advance of the other proposed fare changes would provide a benefit to those customers 65 and older traveling regionally, with minimal financial impact to GoTriangle.

Technology Upgrades and Fare Capping

Mobile ticketing, proposed for early 2020 implementation, eliminates the need for customers to purchase paper tickets, increases the availability of fare products and often speeds up the boarding process. This level of technology also allows transit agencies to track an individual customer's

purchases so that customers who buy single-day passes never spend more in a week or month than those who buy seven-day or 31-day passes.

The practice of fare capping is particularly beneficial for those who may not be able to buy more than a one-day pass at a time, keeping them from paying more than the cost of the longer pass over the course of a week or month.

Table 1 Current and Proposed GoTriangle Fare Structure

Current GoTriangle Fare Structure			Proposed GoTriangle Fare Structure	
Fares	Regional	Express	Fares	Regional
Single Ride	\$2.25	\$3.00	Single Ride	\$2.50
Day Pass	\$4.50	\$6.00	Day Pass	\$5.00
7-Day	\$16.50	\$22.00	7-Day	\$24.00 \$20.00
31-Day	\$76.50	\$102.00	31-Day	\$80.00
Discount Single Ride	\$1.00	\$1.25	Discount Single Ride	\$1.25
Discount Day Pass	\$2.00	\$2.50	Discount Day Pass	\$2.50
Discount 7-Day	\$7.50	\$9.25	Discount 7-Day	\$12.00 \$10.00
Discount 31-Day	\$34.00	\$42.50	Discount 31-Day	\$40.00

2. Why a fare change?

Regional Coordination and Simplification

The Wake Bus Plan development process considered transit service improvement proposals on a regional scale. GoRaleigh, GoCary and GoTriangle are making improvements to their individual systems/routes, but those proposed improvements are based on the goal of using all systems together to create efficient, convenient and attractive travel across the region. Intuitive and consistent transit network design, fare structure and policies are important. The goals of the fare recommendation are:

1. Improve regional coordination
2. Balance revenue and ridership goals
3. Improve the passenger experience
4. Improve pass distribution
5. Make transit an affordable option
6. Explore new fare technologies

The final fare pricing recommendation is to have a local base fare of \$1.25 and a regional/express fare of \$2.50, which is easy for agency staff to communicate and for passengers to understand.

Issues with Current Pricing Structure

GoTriangle currently charges \$16.50 for a 7-Day Regional Pass. This pricing strategy does not provide a benefit to buying a 31-day pass. For passengers using transit 5-7 days a week, it costs significantly less to buy four 7-day passes over a month for \$66 than to buy one 31-day pass for \$76.50. This pricing

structure is confusing to customers based on their answers to GoTriangle's most recent Customer Satisfaction Survey. The data show 43% of 31-day pass holders report a household income of less than \$35,000, which means price-sensitive passengers are buying a higher-priced pass because they assume it is a better deal.

Agencies typically set a base one-way fare price and then apply ride multipliers to determine the cost of multi-ride passes. These multipliers determine the number of one-way trips a customer must make in order to break even on the cost of the multi-ride pass. Based on peer agencies included in the Regional Fare Study, the agency standard for a 7-day pass multiplier ranges from 9.6 to 12 rides—GoTriangle applies a multiplier of 7.3.

According to the 2016 Customer Satisfaction Survey, 86% of GoTriangle 7-day pass customers are riding between 5-7 days a week, indicating they are making a total of 10-14 one-way trips. The final fare recommendation includes a multiplier of 9.6 for the 7-day pass, resulting in a price increase from \$16.50 to \$24.

While an increase to \$24 is still staff's ultimate recommendation, the fare change proposal has been amended to reflect an *incremental* increase in the price of the 7-day pass. An initial increase to \$20 in FY20 helps to address issues with the current pricing structure—with the purchase of four 7-day passes now having equal value to a 31-day pass and more accurately reflecting pass usage patterns with an applied multiplier of 8 rides—while only increasing price 21% (vs a 50% increase in the initial proposal).

A final increase to \$24 should be examined in FY21 based on the results of a pass usage/fare capping benefit analysis to be performed by staff.

Improving the Customer Experience

The fare recommendation also includes technology upgrades to include mobile ticketing as soon as early 2020 and possibly smart cards (or another form of contactless payment) in the future, as well as policy changes that include free boardings for seniors aged 65 and older and fare capping. These changes address the goals of exploring new technologies, improving the customer experience, improving pass distribution and making transit an affordable option.

Increasing the number of free rides, introducing fare capping, and reducing the cost of the express pass, together, would result in a loss of fare box revenue. However, increasing the base regional fare while increasing the cost of the currently underpriced 7-day pass would help minimize revenue loss.

3. Who is affected by the fare proposal

In the recommended fare proposal, there is no longer a price distinction between GoTriangle's Regional and Express services. This results in a \$0.50 decrease in the one-way express fare — making express routes more accessible to price-sensitive passengers — and an increase of \$0.25 in the one-way regional fare. The biggest increases can be seen in the cost of the regional 7-day and 31-day passes —from \$16.50 to \$24 and from \$76.50 to \$80.

Below is a breakdown of total pass usage by type. The majority of passes used on GoTriangle buses are GoPasses at 46.2%, followed by the one-way trip pass at 20.1% and the day pass at 12.6%.

Total GoTriangle pass usage by type

Pass Type	Percent
Cash for one-way trip	20%
Day pass	13%
7-day pass	5%
31-day pass	5%
Stored value card	5%
GoPass	46%
Other	4%
Invalid	2%

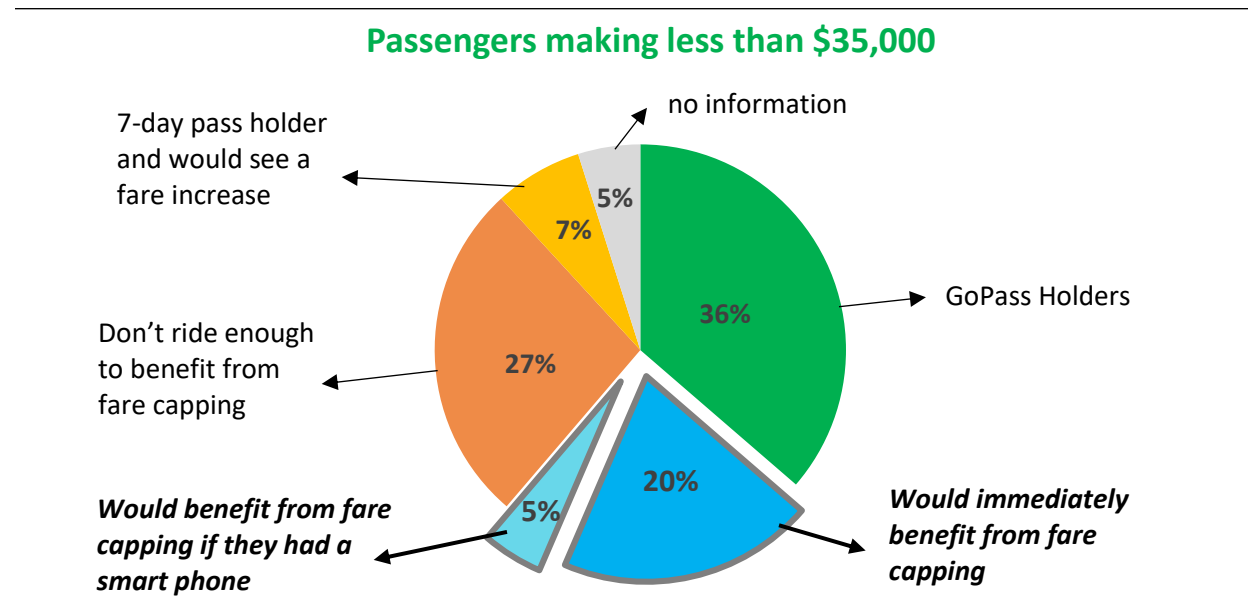
Fare capping would help mitigate effects of the proposed fare increase for passengers frequently purchasing short-term passes and who, by the end of the week or month, are spending more than the cost of a 7-day or 31-day pass.

Income levels of passengers purchasing different pass types

Fare Type	Cash	1-day	7-day	31-day	SVC	GoPass	Other	All Types
Less than \$20k	36.9%	41.0%	37.9%	23.3%	14.1%	14.7%	22.7%	24.3%
\$20k to \$35k	24.7%	32.8%	30.4%	19.8%	14.2%	21.2%	18.5%	23.3%
\$35k to \$75k	23.9%	16.2%	24.8%	29.7%	33.2%	31.3%	23.0%	27.3%
\$75k or more	14.4%	10.0%	6.9%	27.2%	38.5%	32.8%	35.8%	25.1%

Of day-pass and one-way pass holders with an income of less than \$35,000, 46% report using GoTriangle services at least five days a week—which means those people are overpaying for transit service by the end of the week or month. This number does not include the passengers currently purchasing 31-day passes when they could be purchasing four 7-day passes at a lower rate.

The chart below details the effects of the fare recommendation on current passengers making less than \$35,000 annually:



When considering how to mitigate the effects of a fare increase on low income passengers, 36% of GoTriangle's low income customers are GoPass holders, therefore not price sensitive, and not effected by a fare increase. For price sensitive low income customers, fare capping provides a mitigation for 25% of (20% without an alternative to the smart phone), totaling 51% of low income passengers unaffected by the proposed fare increase of the regional pass. Another 11% of low income passengers who currently purchase an express pass, will see a reduction in fares.

7% of low income passengers would not see a savings with the implementation of fare capping because of the current underpricing of the 7-day pass, and 27% of GoTriangle passengers do not ride frequently enough to realize savings through fare capping.

4. Will the fare proposal affect GoTriangle's ridership and revenue?

In transit, the commonly-accepted standard measurement of sensitivity to fare changes is that for every 10% increase in fares, ridership will decrease by 3% (and vice-versa)¹. If only basing an analysis on the proposed increased in regional pass price, the correction of the underpriced 7-day pass, reduction in the price of the express pass, and the loss in revenue due to the implementation of fare capping, projected impacts to GoTriangle's rates of ridership and revenue are relatively small.

These ridership/revenue projections do not include any estimates for the effects of mobile ticketing. Mobile ticketing is a relatively new technology and there is not yet a wealth of data to support correlations between the implementation of mobile ticketing and increases in ridership. However, staff is not concerned with the estimates in revenue and ridership losses provided by the consultant during the fare study. With the proposed equity improvements, simplification of the regional fare structure, increased accessibility of express fares, and making fare payment easier and more convenient—transit becomes a more affordable and attractive option.

Aside from ridership/fare revenue increases, mobile ticketing can help agencies realize savings and benefits through reduced farebox maintenance costs and faster boarding times. Since implementing mobile ticketing in 2012, MBTA in Boston sales has seen a shift in pass sales. Sales via the mobile app now account for more than 1/3rd of all tickets sold.²

5. How has the public been made aware of the fare proposal and what has the response been?

In a collaborative effort between GoTriangle's planning, marketing and public engagement teams, the proposed 2019 service and fare changes were advertised broadly to current customers and stakeholders. In-person outreach included formal presentations, pop-up events, on-the-bus engagement, and "Talk to a Planner" events. The information was also available online and there were multiple pushes made across GoTriangle's social media platforms, as well as targeted marketing campaigns using Facebook advertising to further engage the community. From those efforts, 300 comments were generated, providing a robust picture of the public's perception of the proposals.

¹ Litman, T. (2018, Nov 28). *Transit Price Elasticities and Cross-Elasticities*. Retrieved from Victoria Transport Policy Institute: <https://www.vtpi.org/tranelas.pdf>

² "Mobile Becomes the Dominant Sales Channel as a Total Ticket Sales Surpass \$120 Million." *Masabi*, Masabi and Massachusetts Bay Transportation Authority, info.masabi.com/hubfs/MBTA_case_study_02FINAL.pdf.

In total:

- More than **600 people** received information about the service and fare changes directly from a GoTriangle staff member, either on the bus, at a pop-up event or during a public presentation.
- Over **8,000 individuals and organizations** were sent the information via email.
- Another **380 people** found the information promoted on their Facebook feeds.
- Between March 11 and April 12, the Service Changes **webpage had 3,965 page views, a 300 percent increase** from the previous period.
- GoTriangle's social media posts for fare and service changes reached **an audience of 5,700 and resulted in 220 engagements**.
- From those efforts, **300 comments** were generated, providing a robust picture of the public's perception of the service and fare change proposals.

Below is an overview of the public's response to the proposed fare recommendation:

- 53 people responded to the survey.
- 68% of respondents are in favor of the fare pricing and policy changes and 32% are against.
- Regarding just the changes to the fare pricing structure, an equal number of people are for and against the proposed changes.
- People are very excited about mobile ticketing, fare capping, free fares for seniors, and the combined fare for regional/express.
- Most frequently cited concerns:
 - Increase of the 7-day discount and 31-day pass is too high
 - Concerned about fare increase impact to low income riders
 - What is the rationale for the change? What are the revenue impacts?
 - More details on the implementation – how to get the senior pass? Integration with other agency's fare capping?
 - How will people without a smart phone access the mobile ticketing?