



Fare & Ridership Proposals

Board of Directors Retreat

November 9, 2022

Fare Increase Policy & Process Goals

- To ensure that fares are available to continue to support transit service, ridership growth and system sustainability
- To integrate the increased inflationary cost of operations while keeping the region's public transit infrastructure safe, reliable and accessible for all
- To increase our overall revenue and Fare Box Recovery Ratio in support of operations
- To align with our Business Plan, Strategic Financial Plan & Financial Forecast

Expand Fare Mitigation

- Bolster Reduced Fare sign-ups
- Use STIF funds to reduce the impact of the fare increase for HC/Youth as mitigation
- Review current subsidy programs (usage of Access Transit free and reduced passes summer youth pass, etc. and expand awareness and participation)
- Explore additional fare mitigation streams through outside partners with overlapping vulnerable communities (i.e. TANF, DHS, VA, Medicare, Public Housing)

Reduce Fare Evasion

- Increase Customer Safety Supervisor positions to increase visibility and overall compliance
- Increase fare inspection activity
- Develop and put into play a campaign to remind people to pay their fare by March 15, 2023
- Plan a fare evasion survey for spring of 2023. With updated numbers, implement plans to decrease fare evasion by 5% in FY24 from the survey data and further decreases in the following 5 years

Build Ridership

- Improve the on-system customer experience with a combination of increased safety/security efforts and improved cleanliness
- Improve usage of all fare programs (Access Transit, Reduced Fare, Employer Pass)
- Improve overall marketing efforts to attract riders back to TriMet (including limited English proficient, tourism, former commuters, new residents, etc.)

Board Requested Fare Proposals for Discussion

	Sept 2023	Jan 2024	Sept 2024
Increase Adult fare/LIFT single ride by:	<u>20</u> cents	<u>30</u> cents	<u>40</u> cents
Increase Honored Citizen/Youth fare by:	<u>10</u> cents	<u>15</u> cents	<u>20</u> cents

Revenue Assumptions

Increase Amount	Low	High
\$0.20	\$3.2 M	\$4.1 M
\$0.30	\$5.1 M	\$6.2 M
\$0.40	\$6.9 M	\$8.3 M

- The above forecast includes the following assumptions that could be different than actual
- Decrease in ridership of 1%. Experience demonstrates a small short-term dip in ridership when fares increase, slowly returning
- Overall ridership growth of 11% over the prior year

Financial Impacts of a Fare Increase

Adult Fare

Increase	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	Total
Current	\$ 108.4	\$ 72.0	\$ 35.9	\$ (24.8)	\$ (51.0)	\$ (66.6)	\$ (77.1)	\$ (84.5)	\$ (104.0)	\$ (115.6)	\$ (307.4)
\$0.20	112.5	77.0	47.1	(12.7)	(31.4)	(47.5)	(50.2)	(56.7)	(69.9)	(81.2)	(113.2)
\$0.30	114.6	79.5	52.7	(6.7)	(21.6)	(38.0)	(36.8)	(42.9)	(52.8)	(64.0)	(16.0)
\$0.40	121.7	92.4	74.2	21.0	15.7	5.2	16.6	17.6	17.6	13.5	395.5

No fare increase: **Deficit** starts at the end of 2029

\$0.20 fare increase every other year: **Deficit** starts at the end of 2031

\$0.30 fare increase every other year: **Deficit** starts at the end of 2032

\$0.40 fare increase every other year: Removes the deficit for at least 12 years

Sept 2023 Increase

Pros

- Sooner collection of additional revenue
- Establishes a return to raising fares after a “decade off”

Cons

- Hop system: Unsure if we are able to implement in time, requires exceptions with partners
- Title VI: shortened time to complete
- Shortened time for public engagement period
- A fare increase would primarily affect essential riders and transit dependent riders who are predominantly riding

Jan 2024 Increase

Pros

- Allows for more time to socialize fare increase
- Allows for more time to negotiate Hop system changes
- Allows for more return so the burden of a fare increase is not felt primarily by essential riders and transit dependent riders

Cons

- Further time has passed since last fare increase
- The period of time since the last fare makes it appear that TriMet can go without a fare increase

Sept 2024 Increase

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- Allows for more time to negotiate Hop system changes
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PROS of any fare increase

- Increase aligns with TriMet's Business Plan, Strategic Financial Plan and Financial Forecast
- Additional funding is needed for ongoing State of Good Repair Projects as the agency looks to replacing aging assets
- Keeps pace with increasing fuel, wages and overall business costs
- The FTA encourages regular increases to demonstrate prudent financial management

PROS of any fare increase (continued)

- TriMet currently has an AAA bond rating. Bond ratings agencies look very closely at total farebox revenue, the percentage of farebox as a share of revenue, which allows TriMet to borrow funds at the most advantageous rates.
- Rating agencies also consider the strength and diversification of resources, expecting to see increases over time as costs increase
- Other Funding Considerations:
 - **Federal COVID assistance will be “spent down” by ~FY2025**
 - **Current business payroll tax growth ends in 2026**

CONS of any fare increase

- **Employer Payroll Tax:**
 - Employers/self-employed in our district pay the employer payroll tax which is TriMet's largest source of funding. From January 2016 through December 2025, they are paying an annual increase of 1/10 of 1 percent on top of their current rate. Over the scheduled 10 years of increases, we will have raised the payroll tax by one percent.
- **Employer Pass Program:**
 - Additionally, raising fares will also place a greater burden on those who are already paying an increase in the employer payroll tax. Many of these companies purchase TriMet passes through our corporate sales program (OHSU, Nike, etc.).
 - Even with the discounts they receive, they might opt out of the program, this would affect our overall revenue. It is not lost on many employers that they not only pay the payroll tax, but the cost of passes as well. We would certainly lose employers purchasing passes.

- **HB2017 Funding:** Since July 1, 2018, employees throughout the district have paid an employee payroll tax of one-tenth of one percent (0.001), or \$1 per \$1,000.
 - This is a dedicated funding stream, known as HB2017, dedicated to service expansion, zero-emissions buses, additional amenities (shelters, etc.) and other specific upgrades. While these funds do not supplant operational funding, a fare increase on top of this new tax could be seen as TriMet double dipping.
- **Ridership:** Our ridership is down ~40%.
 - Increasing fares could discourage use. Some transit agencies are decreasing fares and offering rider incentives to lure people back.

- **Hop System consideration:**
 - This will be the first fare change for the Hop System and technology changes will need to be made on a number of different fronts. While feasible, there are unknowns.
- **Many community groups have asked TriMet to go fare free:**
 - While we do not believe that it is feasible or in the best interest of the system, many community groups continue to ask for free transit.

Board Direction to staff

When should TriMet increase fares?

- September 2023
- January 2024
- September 2024

What fares increase range should TriMet implement?

Adult/LIFT - HC/Youth

- \$0.20/\$0.10
- \$0.30/\$0.15
- \$0.40/\$0.20



Board Discussion