Metra Fare Structure Study: Draft Recommendations

presentation to

Metra Board of Directors

September 13, 2017
Agenda

- Fare Structure Study Status

- Study Recommendations
  - Fare Structure
  - Fare Products
  - Reduced Fares

- Implementation Phasing

- Next Steps
# Fare Study Tasks

<table>
<thead>
<tr>
<th>Task</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fare Structure Review and Preliminary Considerations</td>
</tr>
<tr>
<td>2</td>
<td>Fare Modeling Development &amp; Trade-Off Analysis</td>
</tr>
<tr>
<td>3</td>
<td><strong>Draft Fare Structure Recommendations</strong></td>
</tr>
<tr>
<td>4</td>
<td>Title VI &amp; Environmental Justice Analysis</td>
</tr>
<tr>
<td>5</td>
<td>Final Fare Structure Recommendations and Action Plan</td>
</tr>
</tbody>
</table>
Options Considered

<table>
<thead>
<tr>
<th>Evaluated</th>
<th>Removed from Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fare Structure</strong></td>
<td><strong>Fare Structure</strong></td>
</tr>
<tr>
<td>• Peak/non-peak pricing</td>
<td>• Station-to-station fares</td>
</tr>
<tr>
<td>- By direction</td>
<td>• Zones based on political or geopolitical considerations</td>
</tr>
<tr>
<td>- By direction/dntn stations only</td>
<td></td>
</tr>
<tr>
<td>• Zone structure</td>
<td><strong>Fare Products, Policies</strong></td>
</tr>
<tr>
<td>• Zone consolidation</td>
<td>• Low income program</td>
</tr>
<tr>
<td><strong>Fare Products, Policies</strong></td>
<td></td>
</tr>
<tr>
<td>• Day pass</td>
<td>• 7-day/weekly pass</td>
</tr>
<tr>
<td>• Weekend pass validity</td>
<td>• Loyalty programs</td>
</tr>
<tr>
<td>• Reduced fare products</td>
<td>• College/university program</td>
</tr>
<tr>
<td><strong>Pricing Strategies</strong></td>
<td>• Enhanced employer program</td>
</tr>
<tr>
<td>• Consistent per-zone pricing</td>
<td></td>
</tr>
<tr>
<td>• Reduced fare validity</td>
<td>• Pricing Strategies</td>
</tr>
<tr>
<td>• 10-ride ticket discounts</td>
<td>• Policies specific to different lines</td>
</tr>
<tr>
<td>• Weekend pass pricing</td>
<td>• Flat fare outside of downtown Chicago</td>
</tr>
<tr>
<td></td>
<td>• Premium service pricing</td>
</tr>
</tbody>
</table>
Recommended Fare Changes

- Create a flexible fare structure that allows Metra to segment its markets as it works to achieve revenue targets

- Improve ability to price for different market segments, while limiting increases in fares for specific markets
  - Non-peak trips
  - Peak trips between intermediate stations
  - Reverse peak trips

- Encourage shifts from peak to off-peak, increasing peak capacity and better utilizing off-peak capacity

- Provide more flexibility for increasing fare revenue and more control over ridership impacts of fare changes
Fare Structure Recommendations

- Introduce peak/non-peak pricing
  - Regular fares valid for travel on non-peak & reverse peak trains, and between intermediate stations
  - Peak fares include a charge for travel to/from downtown stations during rush hour in the peak direction, thereby limiting increases to regular fares

- Make changes to the zone structure
  - Reassign some station zones to address indirect track mileage
  - Consolidate innermost zones (A, B) and outermost zones (J, K, L, M)
  - Standardize incremental zone charges
Fare Product Recommendations

- Introduce one-day pass for unlimited travel between designated zones throughout the system
  - Priced at 2x one-way peak fare, all riders, all times
  - Reduces cost of inter-line travel and on-board sales

- Conduct pilot to extend validity of weekend pass to include Friday after 3:00 PM ($10 on-board, $9 mobile)

- Reduce 10-ride discount to 5%
  - 10-ride tickets available for peak travel and off-peak travel

- Monthly passes valid for peak and non-peak travel
  - Priced at 28.5x one-way peak fare, all riders, all times
Reduced Fare Recommendations

- Reduced fares for seniors, individuals with disabilities, and Medicare cardholders
  - Available on one-way and 10-ride tickets
  - Available at all times except on morning peak trains

- Reduced fares for students (elementary & high school)
  - Available on one-way and 10-ride tickets
  - Available at all times

- Reduced fare monthly passes eliminated
Fare Changes: Year 1

- Increase base fare, prepare for zone consolidation, and move toward consistent zone pricing
- Introduce day pass
- Conduct pilot to extend weekend pass validity and increase price ($10 on-board, $9 mobile)
- Reduce 10-ride ticket discount to 5%
- No reduced fares for seniors, individuals with disabilities, and Medicare cardholders on morning peak trains
- Eliminate reduced fare monthly pass; retain reduced one-way & 10-ride
Fare Changes: Year 2

- Introduce peak/non-peak pricing, implement zone consolidation, and adjust station assignments
- Introduce peak fares for travel to downtown stations
- Consolidate outer zones (J, K, L, M)
- Adjust some station zone assignments to account for indirect track mileage

Implementation is dependent on availability of back office system to accommodate changes
Future Fare Changes

- After Year 2, price changes will depend on:
  - Results of previous fare changes
  - Forecasts for other revenue sources
  - Growth in operating costs
  - Other revenue needs

- Year 3: continued implementation of peak/non-peak pricing

- Year 4: full implementation of standardized, consistent zone pricing; fare restructuring complete

- Beyond Year 4, pricing changes may be required to meet future revenue needs
Next Steps

- Obtain Board feedback on Draft Fare Recommendations

- Implementation considerations:
  - Conduct Title VI and Environmental Justice analysis
  - Obtain public input on recommended alternative through public meetings and on-line information dissemination and comments (January 2018)
  - Refine fare structure, products, pricing, phasing
  - Provide final report/action plan, with phased implementation (March 2018)
Appendix: Back-up Information
Fare Principles

<table>
<thead>
<tr>
<th>Consider regular fare adjustments that ensure a balanced budget, sustain service, keep pace with inflation, and avoid significant, infrequent fare increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allow no diversion of capital-eligible funds to the operating budget</td>
</tr>
<tr>
<td>Acknowledge the total value of providing services to the region’s economy while recognizing that fares must cover a percentage of operating costs, as set by the RTA, and support Metra’s capital program</td>
</tr>
<tr>
<td>Understand the short and long term impacts of fare changes on ridership and revenue as well as the time and resources needed to implement them</td>
</tr>
<tr>
<td>Improve fare collection by simplifying the overall process and transportation costs</td>
</tr>
<tr>
<td>Offer a fare structure and policies that are easy to use and understand by offering fare structure and products that are regionally equitable and appeal to current and prospective customers</td>
</tr>
<tr>
<td>Evaluate impacts of cooperative opportunities on fare structure, products, pricing and policies of our local transit partners and evaluate national peer programs that have stimulated ridership</td>
</tr>
</tbody>
</table>
Fare Study Working Goal

- Develop a fare structure that:
  - Expands Metra's market penetration
  - Addresses Metra's fare principles
  - Promotes current and future business needs, and
  - Meets statutory requirements

All while being regionally equitable.