

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

Task	Details
1	Fare Structure Review and Preliminary Considerations
2	Fare Modeling Development & Trade-Off Analysis
3	Draft Fare Structure Recommendations
4	Title VI & Environmental Justice Analysis
5	Final Fare Structure Recommendations and Action Plan

Options Considered

Evaluated

Fare Structure

- Peak/non-peak pricing
 - By direction
 - By direction/dntn stations only
- Zone structure
- Zone consolidation

Fare Products, Policies

- Day pass
- Weekend pass validity
- Reduced fare products

Pricing Strategies

- Consistent per-zone pricing
- Reduced fare validity
- 10-ride ticket discounts
- Weekend pass pricing

Removed from Consideration

Fare Structure

- Station-to-station fares
- Zones based on political or geopolitical considerations

Fare Products, Policies

- Low income program
- 7-day/weekly pass
- Loyalty programs
- College/university program
- Enhanced employer program

Pricing Strategies

- Policies specific to different lines
- Flat fare outside of downtown Chicago
- Premium service pricing

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

Consider regular fare adjustments that ensure a balanced budget, sustain service, keep pace with inflation, and avoid significant, infrequent fare increases

Allow no diversion of capital-eligible funds to the operating budget

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

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

Improve fare collection by simplifying the overall process and transportation costs

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

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

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.