

Issue Brief: Fare Study

Meeting: Board of Directors

Meeting Date: April 18, 2019

Agenda Item: #4.1

Recommended Committee Action(s):

Receive as information the Fare Study completed last year. In April and May, the Deputy CEO/Finance and Administration will introduce study information to support Board discussions about fares later this year and next year.

Prior Relevant Board Actions and Policies:

- Summary of Board Policies on Fares (see Attachment 1).

Issue Summary:

The consulting firm *Four Nines Technologies* completed a Fare Study in 2018. AAATA received lengthy technical reports which will be summarized for the Board at the next two Board meetings, before the final report is provided for review.

- The April presentation will introduce the current state of fares, how fares compare with those of industry peers, broader industry and technology trends, and an analysis on Strengths, Weaknesses, Opportunities, and Threats (SWOT analysis).
- The May presentation will summarize customer survey results and consultant recommendations, introduce additional staff perspectives, and bring forward a roadmap for further discussion about fares.

Background:

Fares were last adjusted in 2010. Over the years, fares have developed in an ad hoc manner unguided by any particular strategic approach. The Fare Study was completed to align AAATA's fare structure, policies, and technologies with Ends Policies outlined by the Board.

Impacts of Recommended Action(s):

Budgetary/Fiscal: Board policy requires AAATA to be economically viable and sustainable for the long term (Ends Policy 1.3.7).

Social: Many passengers are sensitive/vulnerable to the price of fares, particularly people with low incomes, disabilities or mobility impairments, the elderly, and youth. Board policy establishes the principle of equitable access to destinations (Ends Policy 1.1.2).

Environmental: The price of fares can attract commuters to transit to enhance the environmental vitality of the area (Ends Policy 1.2).

Governance: Adoption of fares is the Board's responsibility (Governance Policy 3.2.9).

Attachments:

1. Board Policies on Fares

Attachment 1: Board Policies on Fares

Ends Policies:

Ends policies emphasize *affordability, equity, and financial sustainability* as ends for AAATA's fare structure to achieve:

- Policy 1.1.1: "People with low incomes can afford to travel in the Area."
- Policy 1.1.2: "People including those with disabilities or mobility impairments, seniors, minors ... have equitable access to opportunities in the Area."
- Policy 1.3.7: "The Authority will remain economically viable in the long term."

Executive Limitations Policies:

Executive limitations emphasize *respectful treatment of riders, compliance with federal regulations, Board authorization for fare changes, guidance for major decisions, and the necessity of public engagement* in considering changes to fares:

- Policy 2.1: "The CEO shall not ... allow ... procedures which are ... undignified, disrespectful, unclear, or overly intrusive."
- Policy 2.5.2: "The CEO shall not ... operate in a manner that would jeopardize federal ... funding."
- Policy 2.5.8: "The CEO shall not ... adjust transit passenger fares ... assessed by the Authority."
- Policy 2.8.4.2: "The CEO shall not ... ignore the social, environmental, and economic implications of major decisions."
- Policy 2.10.4: "The CEO shall not ... fail to reasonably engage riders, residents, and stakeholders when considering material changes to ... fares."

Governance Process Policies:

Governance policies assign responsibility to the Board of Directors to *approve changes to fares*:

- Policy 3.2.9: "...approval of rider fare increases ... assessed by the Authority."