

SamTrans Fare Policy

Preamble & Definitions

In public transit, fares are the fees paid by riders for use of the system. Transit agencies use fare revenues to offset a portion of their daily operational costs. A fare policy is a collection of principles that orient fare-related decisions to a set of strategic goals, which are typically outlined in a guiding document, such as a strategic plan. A fare structure is the collection of various fare products for sale and their prices. Transit agencies seek to align their fare structures with their established fare policies.

The SamTrans Fare Policy is intended to assist the San Mateo County Transit District (District) in balancing several competing priorities when considering changes to the existing fare structure, in a way that is consistent with the SamTrans Strategic Plan.

Fare Policy Structure

The policy is composed of five general topic areas that are influenced by fares. Each topic is supported with a series of policy statements that should guide District decisions when considering fare changes.

Key Performance Indicators (KPIs) are listed for each topic in order to measure the effectiveness of fare policy and structure decisions. A holistic assessment of fare policy KPIs should provide the District with valuable insight when assessing the impact of various fare choices.

Fare products and/or prices are formalized in the SamTrans Codified Tariff and must be compliant with applicable state and federal regulations. Any future fare changes to the Codified Tariff should be consistent with this policy. Changes to the Codified Tariff and/or policy will be brought to the Board of Directors for approval.

This Fare Policy applies to all SamTrans services as defined in the Codified Tariff.

1. Ridership

Policy 1.1: Fares should encourage ridership growth by keeping SamTrans affordable and simple to use.

Policy 1.2: Fares should preserve or grow ridership among core ridership groups (such as low-income passengers) or strategic markets (such as youth).

Fare policy is not the sole determinant of ridership, but it is one that the District has direct control over. Therefore, the District should analyze potential effects on ridership, partially based on passenger demographics, when making fare policy choices to determine whether or not fares

create or exacerbate a disproportionate financial impact on any one or more groups of SamTrans riders.

Ridership: Key Performance Indicators

Metric	Description	Goal	Interval	Data Source
Ridership	Quarterly monitoring of daily ridership.	Stable or increase	Quarterly	Bus Operations Division
Passenger Demographics	As part of the triennial ridership survey, monitor ridership and demographic trends.	Balanced demographic mix	Triennial	Market Research Department

2. Cost Recovery

Policy 2.1: In order to support current and future services, fare revenue will offset a portion of annual operating costs.

Policy 2.2: Specific farebox revenue targets may be set for individual routes pursuant to service type and District strategic policy goals, and/or when required by discretionary grant funding, among others.

In Fiscal Year (FY) 2018, SamTrans recovered approximately 13% of operating costs with fares.¹ Sales tax, other governmental sources, and grant revenues fund the remaining operating budget. Given this context, fares should not be expected to completely offset operations. At the same time, the District should consider the revenue implications of fare decisions in order to avoid unnecessarily increasing costs or reducing revenue. The District should also consider the revenue and ridership tradeoffs of fare choices.

Cost Recovery: Key Performance Indicators

Performance Metric	Description	Goal	Interval	Data Source
Farebox Revenue	Total revenue collected from fare sales.	Stable or increase	Quarterly	Treasury & Finance Division
Farebox Recovery Ratio	Ratio of fare sales to operating cost.	Stable or increase	Quarterly	Treasury & Finance Division
Cost per Passenger	Operating cost per passenger served.	Stable or decrease	Quarterly	Treasury & Finance and Bus Operations Divisions

3. Customer Experience

Policy 3.1: Fares should be easily understood by customers.

Policy 3.2: Fare changes should be transparently and rationally justified.

¹ According to the National Transit Database (NTD), the average farebox recovery nationwide for bus transit agencies was approximately 12% in 2017.

Policy 3.3: When feasible, the District should support ongoing regional efforts to streamline fare payment processes.

Policy 3.4: Fares should encourage use of multi-ride passes over single-ride tickets, tokens, or other media.

Policy 3.5: Fares should support use of Clipper and the SamTrans mobile ticketing app.

When considering new fare products or prices, the District should consider the use of multi-ride passes, such as the day pass or 31-day pass, instead of specialized one-way fare categories. This will help to keep the base fare structure as simple as possible and reduce the marginal (per-trip) costs of using SamTrans services.

Customer Experience: Key Performance Indicators

Performance Metric	Description	Goal	Interval	Data Source
Customer Feedback on Fare Products	Solicit customer feedback via the triennial survey or other market research opportunities, when available. Customer ratings on ease of use. Higher ratings preferred.	Positive feedback regarding ease of use.	Triennial; sooner when feasible	Market Research Department
Fare Payment Mix	Monitor use of fare payment media among ridership, in particular the use of Clipper, mobile app, and passes.	Increase rates of Clipper, pass, and app use.	Quarterly	Farebox Data

4. Administration & Overhead

Policy 4.1: Fares should be straightforward and cost-effective to administer.

Policy 4.2: Fares should facilitate efficient operations, such as reduced dwell time.

Policy 4.3: Fares should embrace technological innovation.

Transit operating costs typically encompass administrative overhead, meaning that staff time spent managing and collecting fares has a direct impact on the District's overall cost effectiveness. Additionally, fare payment onboard a transit vehicle can impact dwell time and on-time performance, which also has cost and service implications. Therefore the administration of fares should require an appropriate level of staff effort and should facilitate efficient daily operations.

Administration & Overhead: Key Performance Indicators

Performance Metric	Description	Goal	Interval	Data Source
SamTrans Staff Feedback	Assess the staff resources required to administer SamTrans fare policy.	Reduced administrative costs; positive feedback	Monthly	Internal working groups
Bus Dwell Time at Stops	Time spent at stops loading and unloading passengers.	Stable or decrease	Quarterly	Bus Operations Division

Fare Payment Mix	Monitor use of fare payment media among ridership, in particular the use of Clipper, mobile app, and passes.	Increase rates of Clipper, pass, and app use.	Quarterly	Farebox Data
------------------	--	---	-----------	--------------

5. Strategic Adjustments

Policy 5.1: Fare changes must be evaluated for consistency with the SamTrans Fare Policy.

Policy 5.2: Time and budget permitting, the fare elasticity model should be updated and used to evaluate ridership and revenue implications of fare changes.

Policy 5.3: Fare discounts should be used to incentivize certain markets to take SamTrans.

Policy 5.4: Fare discounts should have specific and well-documented goals. Outcomes will be measured on a regular basis and modified or removed as necessary.

SamTrans will sometimes prioritize increasing ridership among a specific market, such as youth, and offer incentives, such as a discounted or promotional fare. When considering such promotions, staff should document the intended goal of the discount and closely monitor its effect. To the extent possible given time and budget, the fare elasticity model should also be regularly updated and used as a tool to predict the ridership and revenue implications of a proposed discount or other adjustment.

Strategic Adjustments: Key Performance Indicators

Performance Metric	Description and Desired Outcome	Goal	Interval	Data Source
Ridership of Strategic Market	Staff should monitor the ridership among strategic markets, such as youth, in order to gauge the effectiveness of relevant discounts or other promotions.	Ridership increase of strategic market.	Triennial; sooner, when feasible	Market Research Department
Fare Model Outputs	Staff should update and run the fare elasticity model when proposing discounts or other adjustments.	Forecasted change in ridership or revenue within a tolerable limit.	As needed	Market Research and/or Planning Departments