



**COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
TRANSIT SERVICES DIVISION
950 MAIDU AVENUE, NEVADA CITY, CA 95959-8617
(530) 477-0103 Toll Free (888) 660-7433 FAX (530) 477-7847
<http://new.nevadacounty.com>**

Sean Powers,
Community Development Agency Director

Trish Tillotson, Director of Public Works
Robin Van Valkenburgh, Transit Services Manager

**TRANSIT SERVICES COMMISSION
Action Item**

MEETING DATE: September 18, 2019
TO: Transit Services Commission
FROM: Robin Van Valkenburgh, Transit Services Manager
SUBJECT: **Initiation of Fare Modification Discussion**

RECOMMENDATION: Open Discussion Regarding Fare Structure Modification and Set Public Hearing for November 20, 2019 TSC Meeting.

BACKGROUND:

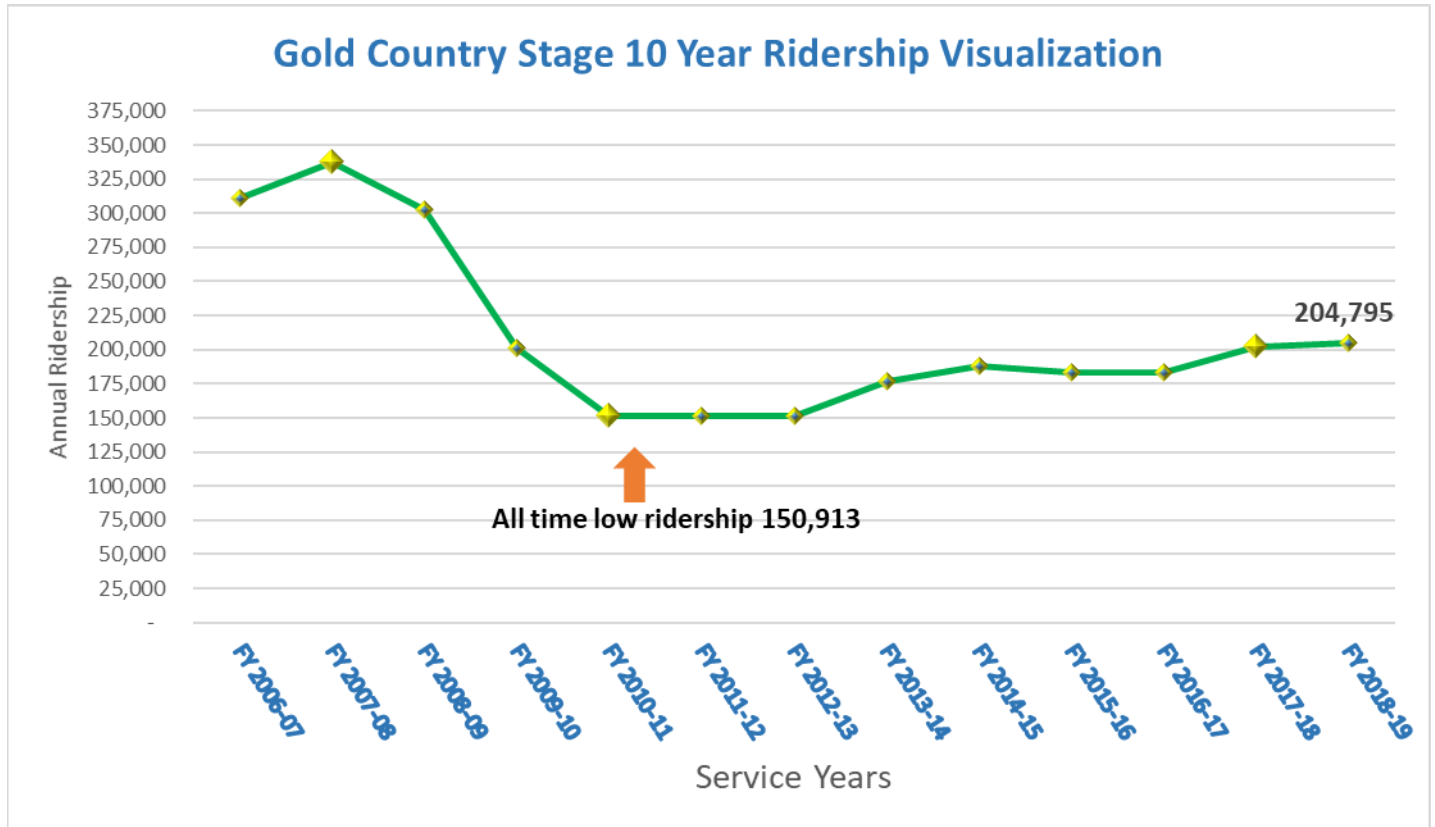
The Transit Services Division, Gold Country Stage (GCS) and Gold Country Lift (GCL), is funded primarily through State of California Transportation Development Act (TDA) sources; Local Transportation Funds (LTF) and State Transit Assistance (STA) as well as the recently approved SB 1 (gas tax) revenues. Per TDA statute rural transit providers are required to meet a minimum passenger fare revenue, the farebox recovery ratio (FRR), of 10 percent of overall expenses. The FRR is directly impacted by the following operational components: operating expenses, transit ridership and passenger fares. As operational expenses increase we must see a corresponding increase in one or both, ridership and fare revenue in order to maintain the overall FRR of 10 percent.

GCS has a history of consistently making the required 10 percent, averaging 12.2 percent between FY2006-07 and FY2018-19, but recent reporting periods show a decline in FRR to 10.7 percent for the 2018-19 fiscal year. While the overall annual FRR was above ten percent, there were three months significantly below the threshold which give indication of impending challenges in maintaining the mandated FRR. Due to these months of low FRR staff began to evaluate the system in order to identify factors which may be contributing to the decline.

Initial analysis shows some positive trends and a worrying trend. The positive is that since FY2014-15 ridership has increased approximately nine percent and fare revenue collected has increased approximately 11 percent. These are excellent statistics which buck the local and national trend of declining transit ridership. The challenge is that, over the same five year span, gross operating costs have increased 38 percent. Thus expenses are outpacing ridership growth by about 400 percent and fare revenue by about 300 percent.

Ridership growth has been spurred over the past two service years by adding service, the Tripper route, and through monthly free fare days funded by Low Carbon Transit Operations Program (LCTOP) grant funds. These efforts have resulted in ridership increases of approximately 10 percent total in the past two years, which is phenomenal, but which is also flattening out. Staff has seen a trend of declining ridership over the past year on free fare days, which may be due to any number of factors at this time.

Figure 1. 10 Year ridership



As seen here in Figure 1, ridership during the past 5 years, FY2014-15 – FY2018-19, has a nice trend upward and is what we hope to see continued in the future.

Below in Figure 2 you see the trend lines for Operating Expenses and Fare Revenue for the same FY2014-15 – FY2018-19 period. As shown the trend line for Operating Expenses is much steeper than that of Fare Revenue. The reason for this trend is fairly simple, since FY2014-15 annual service hours have increased about 11 percent, from 16,450 hours to 18,187 in FY2018-19. Generally speaking the larger trend since the Recession of 2008-09 is that annual service hours have increased approximately 60 percent, from a low in 2010-11 of 12,550 hours to the current FY2019-20 projected hours of 20,065 (Figure 3). While this sizeable increase may seem drastic it coincides with the gradual return of State funding (LTF and STA) to pre-recession levels and the reinstatement of services beginning in FY2014-15.

Figure 2. 5 Year Operating Expense and Fare Revenue

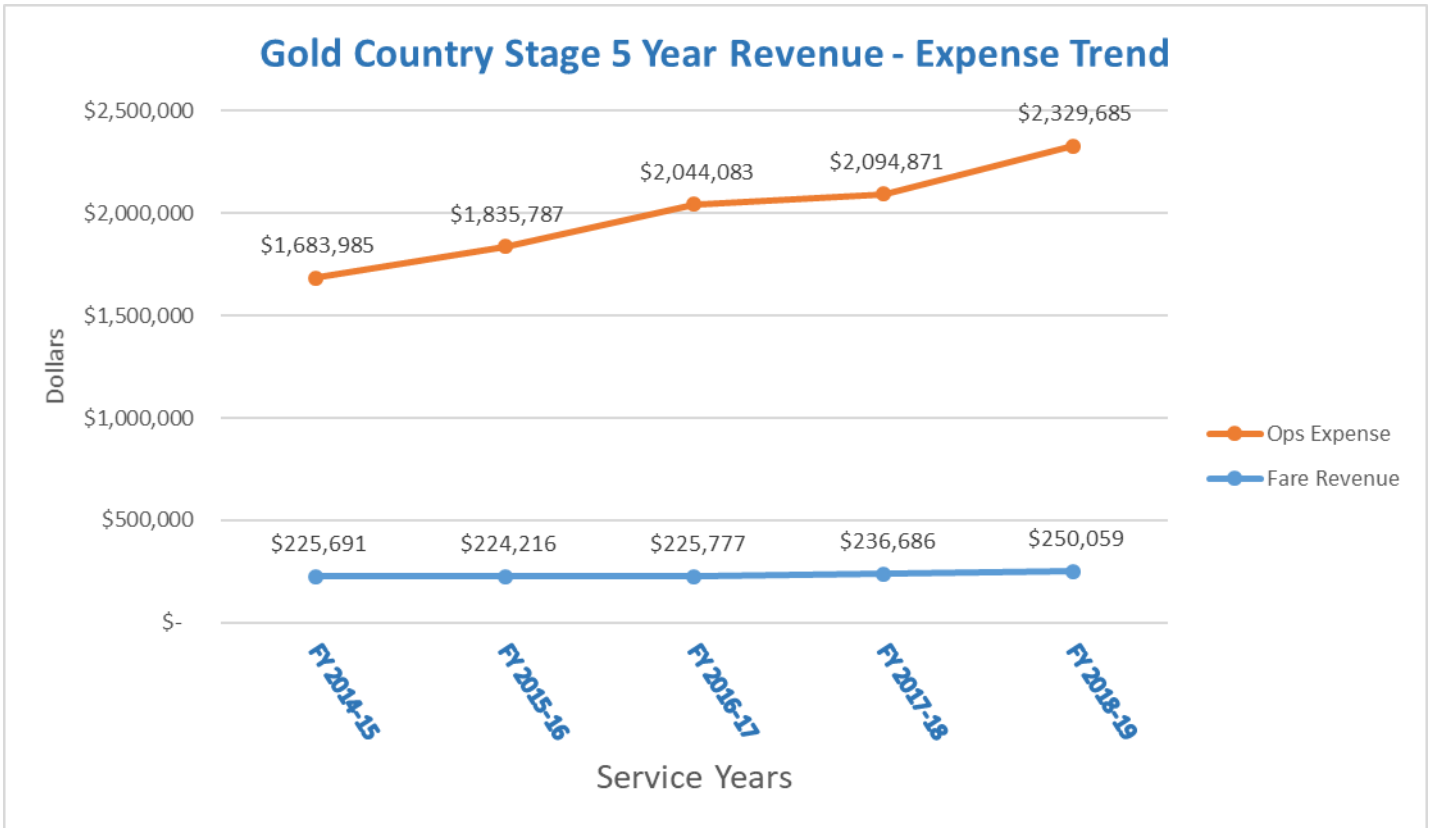
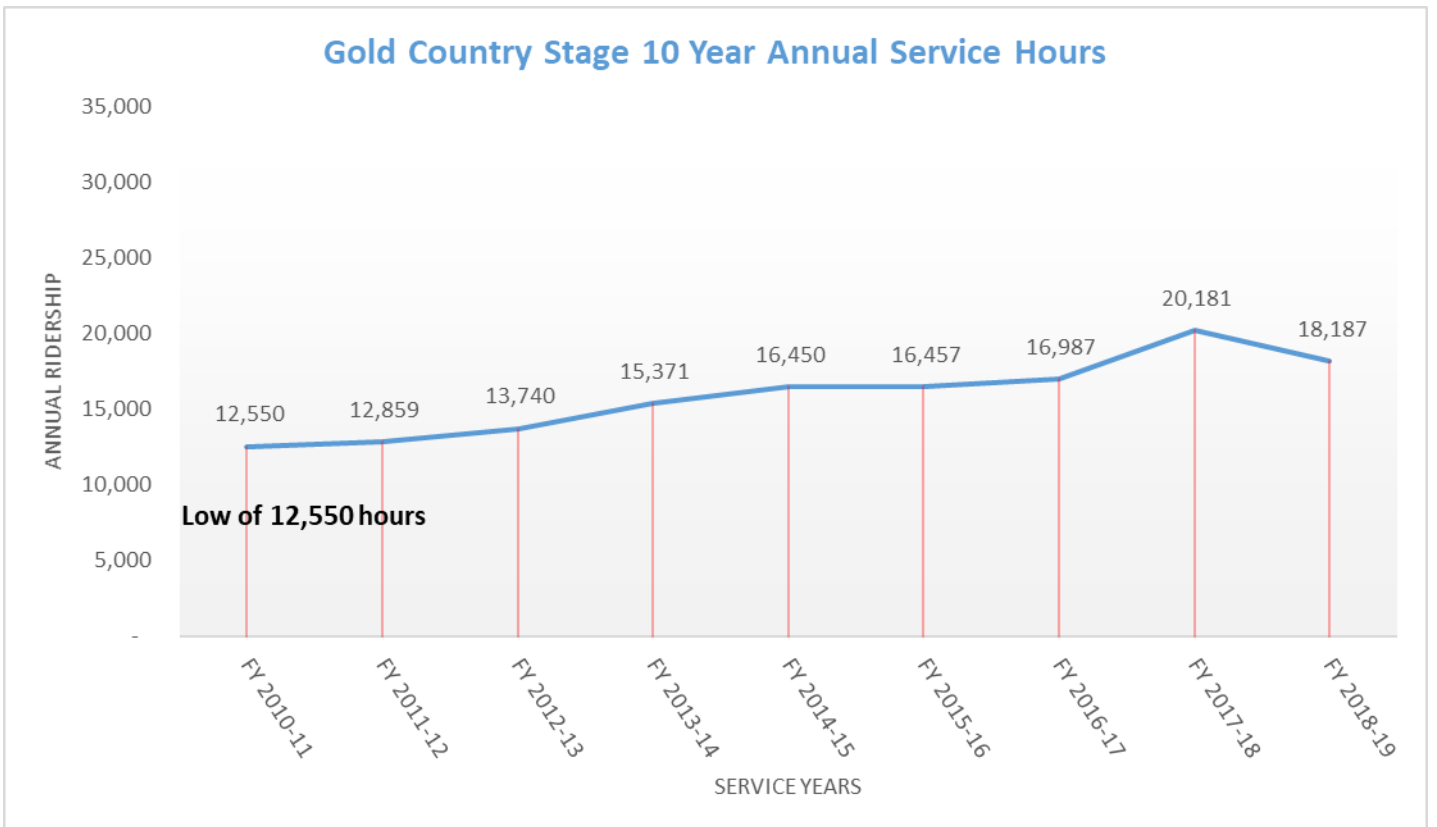


Figure 3. 10 Year of Annual Service Hours



The increase in service hours is consistent with our Transportation Development Plan and has been undertaken in a methodical priority based manner. As shown above in Figure 1, these increases have had the desired result of ridership increases.

The component of the equation which has not changed in the past 10 years is the passenger fare structure. The current fare structure was proposed in August of 2008 and underwent public comment prior to approval and implementation in January 2009. This increase consisted of a 50 percent increase over prior fare structure and was based on the concern of maintaining the ability to meet the 10 percent FFR.

At this time staff is requesting to open discussions regarding a possible fare structure modification which will help to increase fare revenues yet maintain much of the same fares as are currently in place. The following table provides a review of Gold Country Stage fares in comparison to similar local and regional transit agencies. As you will note, the current regular single ride cash fares are consistent with those of our local and regional service agencies.

Table 1. 2019 Regional Fare Comparison

2019/20 Fare Comparison											
Agency	General	Discount	Commuter	ADA/Paratransit	Day Pass (General)	Day Pass (Discount)	Monthly Pass (General)	Monthly Pass (Discount)	Monthly Pass (Commuter)	Monthly Pass (Discount)	Monthly Pass Commuter
Gold Country Stage	\$ 1.50	\$ 0.75	\$ 3.00	\$ 3.00	\$ 4.50	\$ 2.25	\$ 45.00	\$ 22.50	\$ 90.00	\$ 45.00	
El Dorado Transit	\$ 1.50	\$ 0.75	\$ 5.00	\$ 3.00	\$ 6.00	\$ 3.00	\$ 60.00	\$ 30.00	\$ 180.00	\$ -	
Yolobus	\$ 2.25	\$ 1.10	\$ 3.25	\$ 4.00	\$ 7.00	\$ 3.50	\$ 93.50	\$ 46.75	\$ 100.00	\$ 55.00	
Yuba-Sutter Transit	\$ 1.50	\$ 0.75	\$ 4.50	\$ 3.00	\$ 3.00	\$ 1.50	\$ 30.00	\$ 15.00	\$ 135.00	\$ -	
Placer County Transit	\$ 1.25	\$ 0.60	\$ 4.25	\$ 1.25	\$ 2.50	\$ 1.25	\$ 37.50	\$ 18.75	\$ 131.25	\$ -	
Auburn Transit	\$ 1.50	\$ 0.75	\$ -	\$ -	\$ 2.50	\$ 1.25	\$ 60.00	\$ 30.00	\$ -	\$ -	
B-Line (Butte Regional Transit)	\$ 1.75	\$ 0.85	\$ 2.40	\$ 3.50	\$ 5.00	\$ 2.00	\$ 43.50	\$ 21.50	\$ 57.50	\$ 30.00	
Sacramento Regional Transit	\$ 2.50	\$ 1.25			\$ 7.00	\$ 3.50	\$ 100.00	\$ 50.00	\$ -	\$ -	
Median Fare for Region	\$ 1.50	\$ 0.75		\$ 3.00	\$ 5.00	\$ 2.00	\$ 60.00	\$ 30.00	\$ 100.00		
Median Fare less SacRT	\$ 1.50	\$ 0.75		\$ 3.00	\$ 4.00	\$ 1.75	\$ 51.75	\$ 25.75	\$ 115.63		

Based on this table, the most logical fare media to discuss modification of would be the Monthly Passes. The monthly pass pricing is currently set at a total of 30 one-way trips (15 round trips) per the fare. Anecdotally we are finding that many monthly pass holders may be taking significantly more than the 30 one-way trips which are covered by the pass pricing. When this occurs it dilutes the fare revenue below the value of the paid price and thus reduces the revenue per passenger.

Example: Person A buys a regular monthly pass for \$45.00 and then takes 30 trips in the month (1 round trip for 15 out of 25 service days). Each trip is worth \$1.50.

Person B buys a regular monthly pass for \$45.00 and then takes 50 trips in the month (1 round trip for all 25 service days). Each trip is now worth \$0.90. Thus we have gained ridership (20 trips), but we have lost revenue because each trip taken is now only worth \$0.90 compared to the \$1.50 of Person A (or more specifically those 20 trips are “free” because the pass cost is based on fewer trips than actually taken).

As such staff is exploring the possibility of increasing the pricing of the monthly passes to reflect a higher number of trips incorporated into the price. Initial concepts include raising the prices of Monthly Passes to the following amounts, which would reflect pricing based on 40 trips per month.

Zone	Zone 1	Zone 1 Discount	Zone 2	Zone 2 Discount
Current Rate	\$45.00	\$22.50	\$90.00	\$45.00
Proposed Rate	\$60.00	\$30.00	\$120.00	\$60.00

The proposed pricing will not affect regular single ride cash fares or day passes nor will it affect paratransit fares. The financial ramifications of this proposal are significant.

	Zone 1	Zone 1 Discount	Zone 2	Zone 2 Discount	Total
Actual 2018-19 Passes Sold	632	1,170	125	212	2,139
Amount of 2018-19 Sales	\$28,440.00	\$26,325.00	\$11,250.00	\$9,540.00	\$ 75,555
Projected Passes Sold w/Increase	613	1,135	121	206	2,075
Estimated Revenue @ Proposed Pricing	\$ 36,782.40	\$ 34,047.00	\$ 14,550.00	\$ 12,338.40	\$ 97,718
Difference	\$ 8,342.40	\$ 7,722.00	\$ 3,300.00	\$ 2,798.40	\$ 22,162.80

The above table is calculated using a 3 percent loss in pass sales due to the increased prices which is consistent with fare elasticity modelling procedures when implementing fare increases. When factoring the potential ridership loss (~1,920 trips@ ave fare of \$1.22/trip) involved with the fare increase the proposed pricing nets an increase in revenue of approximately \$19,820, which when added to the revenue totals for FY2018-19 potentially improves overall FRR from 10.7 percent to 11.6 percent and increases revenue per passenger from \$1.22 to \$1.32. This amounts to a potential increase of 8.4 percent in overall FRR from the current rate.

Going forward staff is requesting the TSC open discussion here regarding the above proposed fare structure modification and set forth a Public Hearing to obtain public comment at the beginning of the next regularly scheduled Transit Services Commission meeting on Wednesday November 20, 2019.

Please contact me if you have any questions prior to the July 24, 2019 TSC Meeting.
TT:RVV