



MEMORANDUM

To: Amy Ahdi, Ventura County Transportation Commission
From: Paul Supawanich
Date: December 31, 2014
Subject: Fare Analysis

INTRODUCTION

This memo focuses on the current fare structure for VCTC Intercity's fixed-route services including Routes 101, 126, East County, Conejo Connection, Coastal Express, and CSUCI services. Dial-A-Ride (DAR) services are also discussed to a limited extent.¹ The primary purpose of this analysis is to highlight key fare revenue trends over the past several years, including impacts of recent fare increases, and to present policy and fare product recommendations. This analysis considers upcoming VCTC Intercity fare changes including the elimination of the Go Ventura pass and transition to using magnetic stripe cards for fare media.

EXISTING CONDITIONS

Figure 1 shows VCTC Intercity's current fare structure for fixed route bus services. VCTC Intercity has a flat rate fare structure that applies a premium for inter-county Coastal Express and Conejo Connection services. On-board fare payment is accepted via cash (exact change only) and Go Ventura Smartcard (electronic farecard).

Figure 1 One-Way Fixed Route Cash Fares

Fare Product	VCTC Intercity Fixed-Route	Conejo Connection/Coastal Express
Adult/Student	\$1.25	\$3.00 ²
Discount ³	\$0.60	\$1.50
Child under 5 ⁴	Free	Free

Fare Categories

VCTC Intercity follows similar fare categories as other transit agencies in the region. These fare categories are briefly described below.

¹ DAR services are discussed with respect to their inclusion to general pass products. However, specific DAR fare levels are not discussed as part of this analysis.

² Conejo Connection service between Oxnard and Thousand Oaks is \$1.25, consistent with fixed route services within Ventura County

³ Senior, Disabled, or Medicare Cardholder (requirements described under "Fare Categories")

⁴ When accompanied with a fare paying adult

Adult

The adult fare category includes all passengers, except those who meet the qualifications for student or discount fares. Children who are age 5 or under ride for free with a fare paying adult.

Discount

Discounted fares are available for seniors 65 years of age and over, and Medicare or ADA cardholders. When using a Go Ventura card, the first purchase of a senior discounted Go Ventura pass must be made in person at one of the sales locations to show proof of age.

Pass Products

In addition to one-way cash fares, VCTC Intercity offers calendar month passes valid for unlimited trips for various services.⁵ All monthly passes must be loaded onto the Go Ventura card, which allow for multiple months of passes to be loaded at one time. Reloading of cards must occur at specified reload locations or via phone (see Fare Distribution below). VCTC Intercity also offers a Monthly Dial-A-Ride pass valid on the Santa Paula and Fillmore DAR. Pass multipliers are a frequently used method to establish pass prices. The pass multiplier is the number of times one needs to ride the system for the pass to “break even” on a daily, weekly or monthly basis.

Pass multipliers on different systems may vary widely based on the unique characteristics of the system including route structure, types of riders and policy incentives that might be in place to incentivize certain pass products over others. Figure 2 provides an overview of fare multipliers for the three VCTC Intercity pass products. As an example, the adult Regular Monthly pass is currently priced to require 40 single ride trips at \$1.25 per single trip to break even. Alternatively, the Inter-county pass requires 35 trips (at \$3.00 per trip) to break even.

Figure 2 VCTC Intercity Monthly Passes (offered on the Go Ventura Card)

Pass Type	Fare Type		Included Services				Adult Fare Multiplier ⁶
	Adult/ Student	Discount ⁷	VCTC Intercity Fixed-Route ⁸	Conejo Connection/ Coastal Express	Santa Paula/Fillmore DAR	Camarillo DAR	
Regular Monthly	\$50.00	\$25.00	X			X	40 (\$1.25)
Premium Monthly	\$60.00	\$38.00	X		X	X	48 (\$1.25)
Inter-county	\$105.00	\$52.00	X	X		X	35 (\$3.00)
VISTA DAR	\$20.00	\$20.00			X		11 (\$1.75)

⁵ Monthly passes are valid starting the first day of the designated month and expire the last day of the same month

⁶ Assumes highest one-way fare within included fixed-route services (in parenthesis)

⁷ Senior, Disabled, or Medicare Cardholder

⁸ Fixed route services include VCTC Intercity Routes Highway 101, 126, East County and CSUCI Oxnard and CSUCI Camarillo Routes. CSUCI students, faculty, and staff with Shuttle Card ride free.

Pass Media: Go Ventura Smartcard

All pass products are currently placed onto the Go Ventura card. The Go Ventura Smartcard is the electronic farecard media utilized by VCTC Intercity and other Ventura County transit operators. The cards can be loaded with monthly passes or an “e-purse”. An e-purse can be loaded with any dollar amount, up to \$200, for the payment of cash fares. Currently, e-purse holders receive a 10% discount over regular cash fares.

VCTC staff has noted that the Go Ventura Smartcard system has reached its life expectancy and the system equipment and software can no longer be replaced or repaired. The Go Ventura Smartcard will be discontinued in favor of a traditional magnetic stripe system that is being adopted by other agencies in the county, including Gold Coast Transit, Simi Valley Transit, and Thousand Oaks Transit. The new fare collection system will be introduced toward the end of this fiscal year in May 2015. This new fare collection system will utilize GFI Odyssey fareboxes that will continue to accept cash and will validate and dispense magnetic fare media.

Figure 3 Example Go Ventura Card



Fare Policies

Transfer Policies

Free transfers between consecutive fixed-route VCTC Intercity services are permitted within a 90-minute span. As of November 2011, inter-agency transfers are also available between VCTC Intercity services and the following agencies:

- Camarillo Area Transit (fixed-route only)
- Gold Coast Transit
- Moorpark City Transit
- Oxnard Harbors & Beaches Dial-A-Ride
- Simi Valley Transit
- Thousand Oaks Transit

Most transfers are free, valid for transferring between two buses in a single direction. Transfers to VCTC Intercity’s inter-county Conejo Connection and Coastal Express require a \$1.50 upcharge. In addition, transfers to VCTC Intercity’s Heritage Valley Dial-A-Ride and the Camarillo Dial-A-Ride require a \$0.50 and \$1.00 upcharge respectively. Transfers are only available upon request at time of boarding with payment; transfers are not distributed during alightment.

Recent Fare Increases

Between 1994 (when VCTC Intercity began operation) and 2011, fares for fixed-route VCTC Intercity bus services remained at \$1.00. During that period, annual intercity ridership increased by over 400% while annual operating costs increased 400% from \$400,000 to \$2,000,000. Over the last five years, numerous fare increases have been approved and implemented across fare categories and fare product. In November 2010, one-way fixed route fares were increased to \$1.25 for adults in order to limit service cuts in the face of reduced state transit funding and rising operational costs. Fares for VCTC Intercity’s Inter-county Coastal Express and Conejo Connection

services (at that time, \$2.00) were also increased in a phased implementation. A \$1.00 fare increase was adopted and was phased in two \$0.50 increments. The first increase occurred in the second quarter of 2009 where the fare increased from \$2.00 to \$2.50. It was again increased on October 1, 2010 from \$2.50 to \$3.00.

Additionally, the eligibility age for discounted “Senior” fares was raised from 62 to 65 years; putting VCTC Intercity in line with other area transit agencies. During the same period, there were also price increases to the Adult Monthly Pass (\$50), Senior/Disabled/Medicare Monthly Pass (\$25), Adult Premium Monthly Pass (\$60) and Adult Premium Senior/Disabled/Medicare Monthly Pass (\$38). Fares within the Heritage Valley were also increased as the Heritage Valley DAR Monthly Pass increased to \$20, as did local DAR fares (\$1.75, \$0.85) and the DAR/Route 126 Day Pass (\$3.50).

While it is difficult to tie all ridership fluctuations strictly to fare changes, the fare increase had a notable impact on the Conejo Connection while virtually no impact on the Coastal Express. Figure 4 reflects the ridership impacts of the preliminary fare increase. The elasticity factor for the Conejo Connection fare increase was -0.61, which exceeds the industry standard of -0.3 which shows high fare sensitivity of its riders.

Figure 4 Coastal Express and Conejo Connection Fare Elasticity After 25% Fare Increase (\$2.00 > \$2.50)

	Ridership Before Fare Increase (Oct-Mar 2008/2009)	Ridership After Fare Increase (Oct-Mar 2009/2010)	Percent Change	Elasticity
Coastal	130,621	135,097	3.4%	0.14
Conejo	9,992	8,466	-15.3%	-0.61

Source: Phase 2 Fare Increase Recommendation Memo (July, 2, 2010)

Despite the impact on the Conejo Connection, one should note that even after the second fare increase (+\$0.50), Conejo Connection ridership is significantly up as of FY 2013/2014 highlighting the inconsistency of fare levels with general ridership trends.

Fare Distribution

Figure 5 describes Go Ventura bus pass sales locations. In addition to visiting a sales outlet location, users can currently recharge cards remotely by credit card over the phone. Remote recharges require up to five working days to process onto the card once tagged onboard.

Figure 5 Go Ventura Pass Sales Outlet Locations

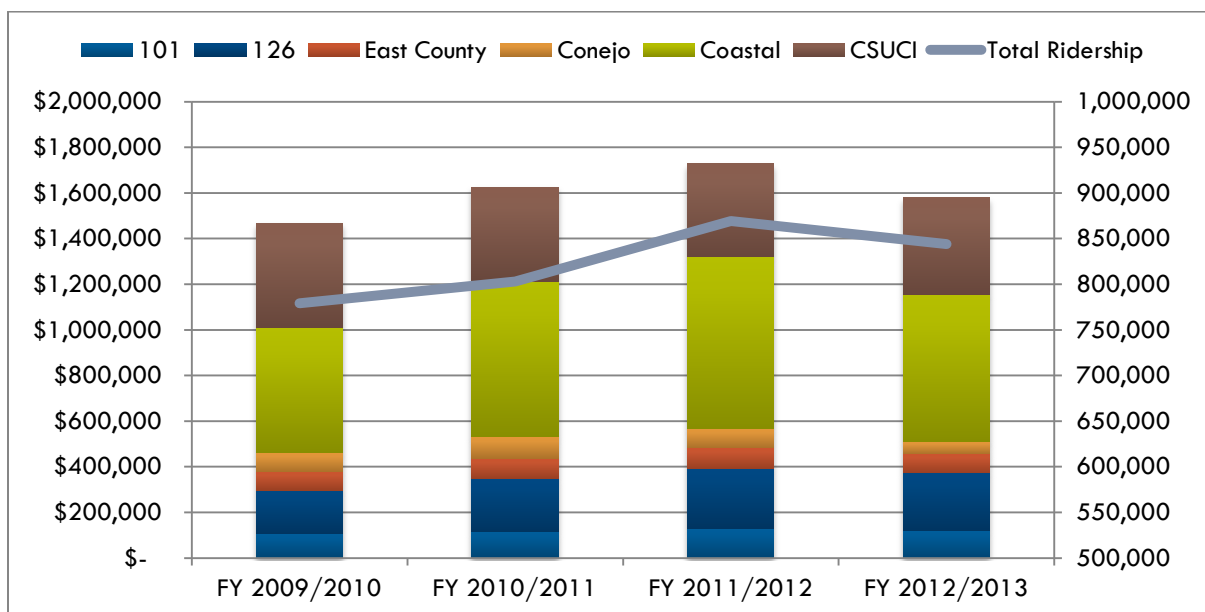
Sales Outlet	Location	Office Hours
VCTC	950 County Square Drive, Suite 108 Ventura, CA 93003	7:00 a.m. - 6:00 p.m.
Camarillo City Hall	601 North Carmen Drive Camarillo, CA 93010	8:00 a.m. - 5:00 p.m.
Gold Coast Transit Customer Service Center	Oxnard Transportation Center 201 E. Fourth Street Oxnard, CA 93030	7:00 a.m. – 7:00 p.m.
Simi Valley City Hall	Customer Service Center 2929 Tapo Canyon Road Simi Valley, CA 93063	7:30 a.m. – 5:00 p.m.
Fillmore Area Transit Company	234 Central Avenue Fillmore, CA 93015	7:00 a.m. – 5:00 p.m.

Revenue and Ridership Trends

Systemwide Fare Indicators

Over the past several years, revenues from fares have trended upward likely as a combination of fare increases in 2009 and 2010 and increases in overall ridership. Figure 6 illustrates the fare revenues from intercity services between FY 2009/2010 and FY 2012/2013. Coastal Express fares compose the majority of fare revenues followed by CSUCI fares (which are provided through a fare revenue guaranteed from the University). It should be noted that FY 2013/2014 information was not available at the time of writing. Recent information suggests that FY 2013/2014 and beyond have experienced significant ridership increases over the previous years.

Figure 6 Intercity Service Fare Revenue Trend



Investigating other fare indicators, there was a general increase trend for the fare revenue collected per revenue mile for most intercity services through FY 2011/2012. However, this trend declined for all service with exception to the CSUCI services in the following year. This trend is reflected in Figure 7.

Fare revenue per revenue hour also reflects a similar trend with CSUCI fare revenues remaining stagnant with other routes on the decline after FY 2011/2012. This is reflected in Figure 8.

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Figure 7 Fare Revenue per Mile

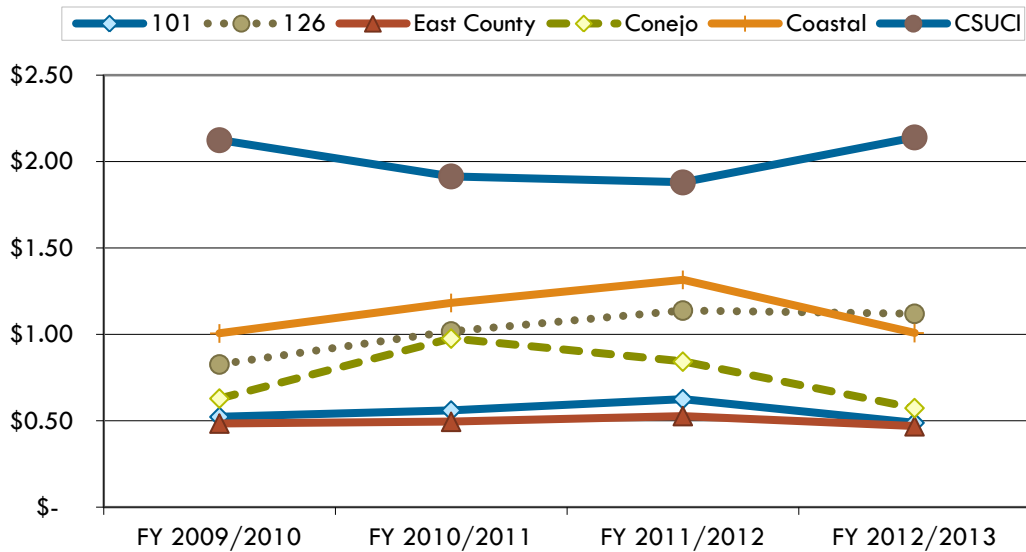
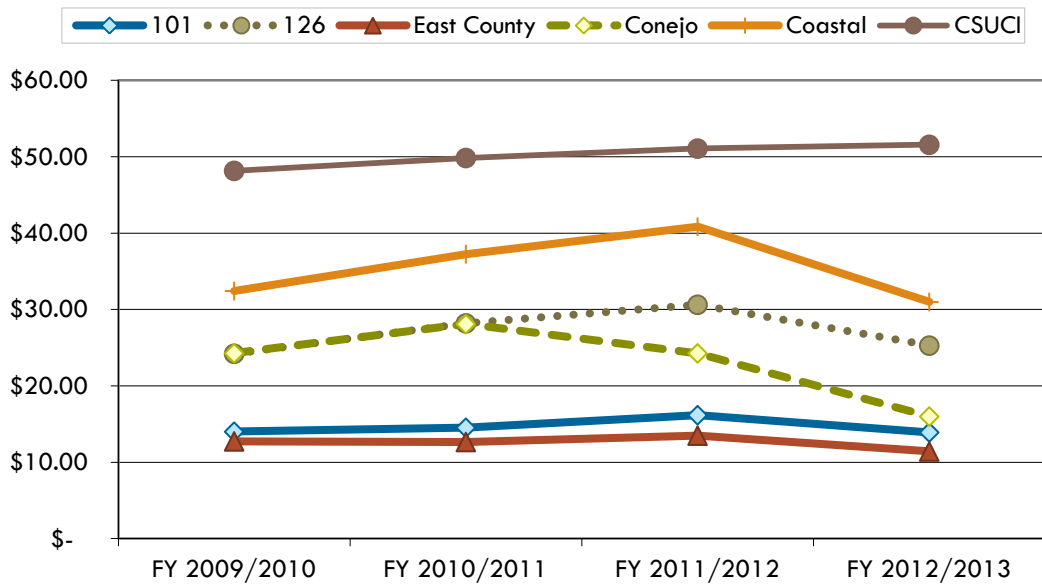


Figure 8 Fare Revenue by Revenue Hour

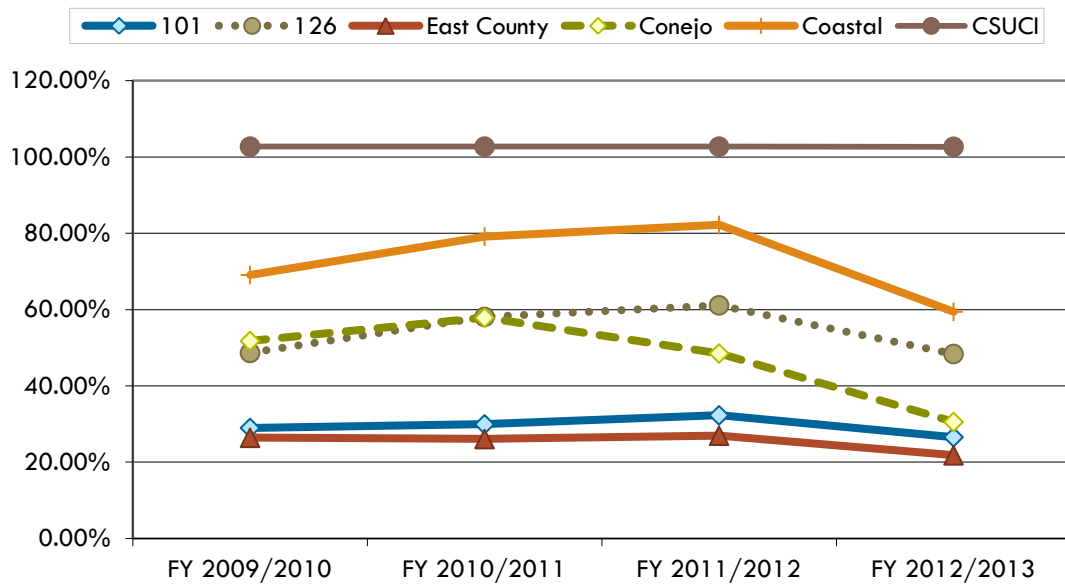


Since FY 2010/2011, the farebox recovery ratio for all services (except CSUCI services) have been on the decline. However, services are all well above the 20% state farebox recovery requirement (as defined by the Transportation Development Act). The CSUCI route completely sustains itself on fare revenues (supported by the University). Between FY 2011/2012 and FY 2012/2013 both the Coastal Express and Conejo Connection saw significant declines in the farebox recovery ratio (greater than 15%). This information is provided in Figure 9.

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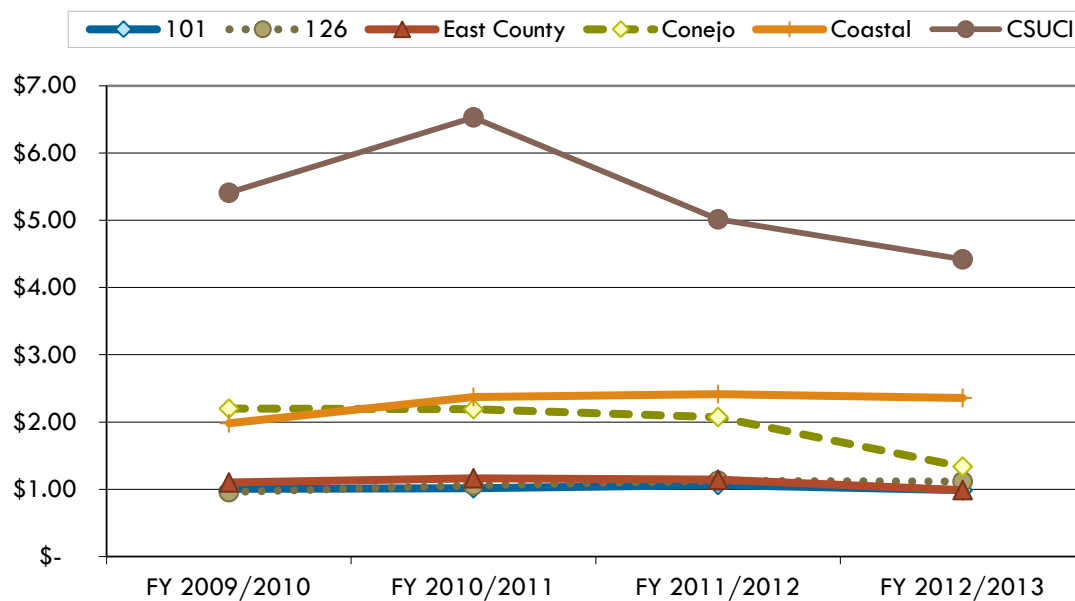
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Figure 9 Farebox Recovery Ratio



Despite the general downward trends in fare revenues, Figure 10 shows that with exception to CSUCI services (which has benefited from general increases in ridership), average fare collected per passenger has remained largely consistent over the past several years. However, the Conejo Connection has seen a decline in average fare per passenger (despite recent fare increases).

Figure 10 Average Fare per Passenger



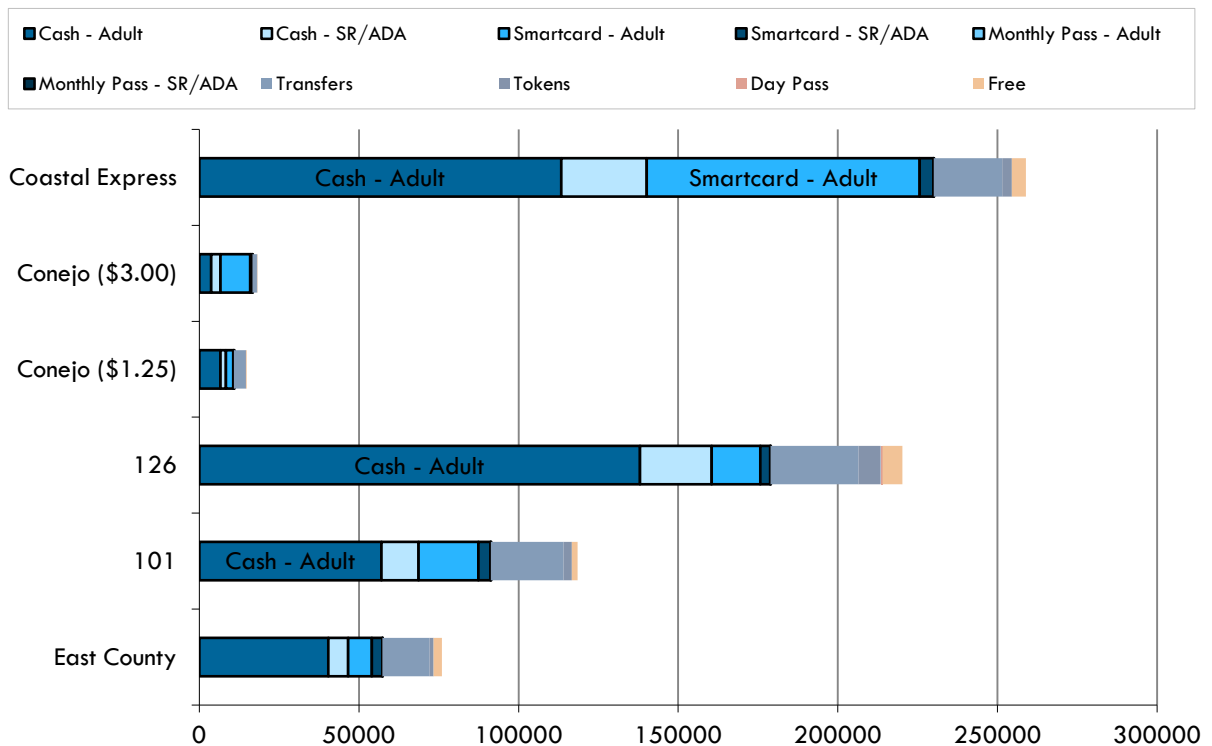
Ridership by Fare Type

Understanding how passengers pay for transit is an important factor in evaluating fare policies. Figure 11 and Figure 12 illustrate intercity service ridership by fare type (or how passengers pay).⁹ The information below supplements the data gathered from the on-board survey regarding fare payment methods. However, the on-board survey suggests a higher percentage of monthly pass users than what farebox data provides.

Among intercity ridership, Coastal Express and Route 126 carry the highest number of riders. As a result, any fare policies that affect these routes would have the largest overall impact on ridership and revenue.

Interestingly, based on farebox data, pass usage amongst all intercity services is nearly non-existent. Smartcard usage (for one-way cash payment) varies depending on route. However, usage is higher amongst the Coastal Express (33%) and Conejo Connection (52%). This supports the notion that riders are willing to use a different fare product (Go Ventura e-purse), when an ample savings is possible (\$0.30 saved per ride on Coastal Express and Conejo Connection). Cash payment is approximately 50% for other services, which is consistent with industry standards.

Figure 11 Ridership by Fare Type (by total boardings), FY 2013/2014

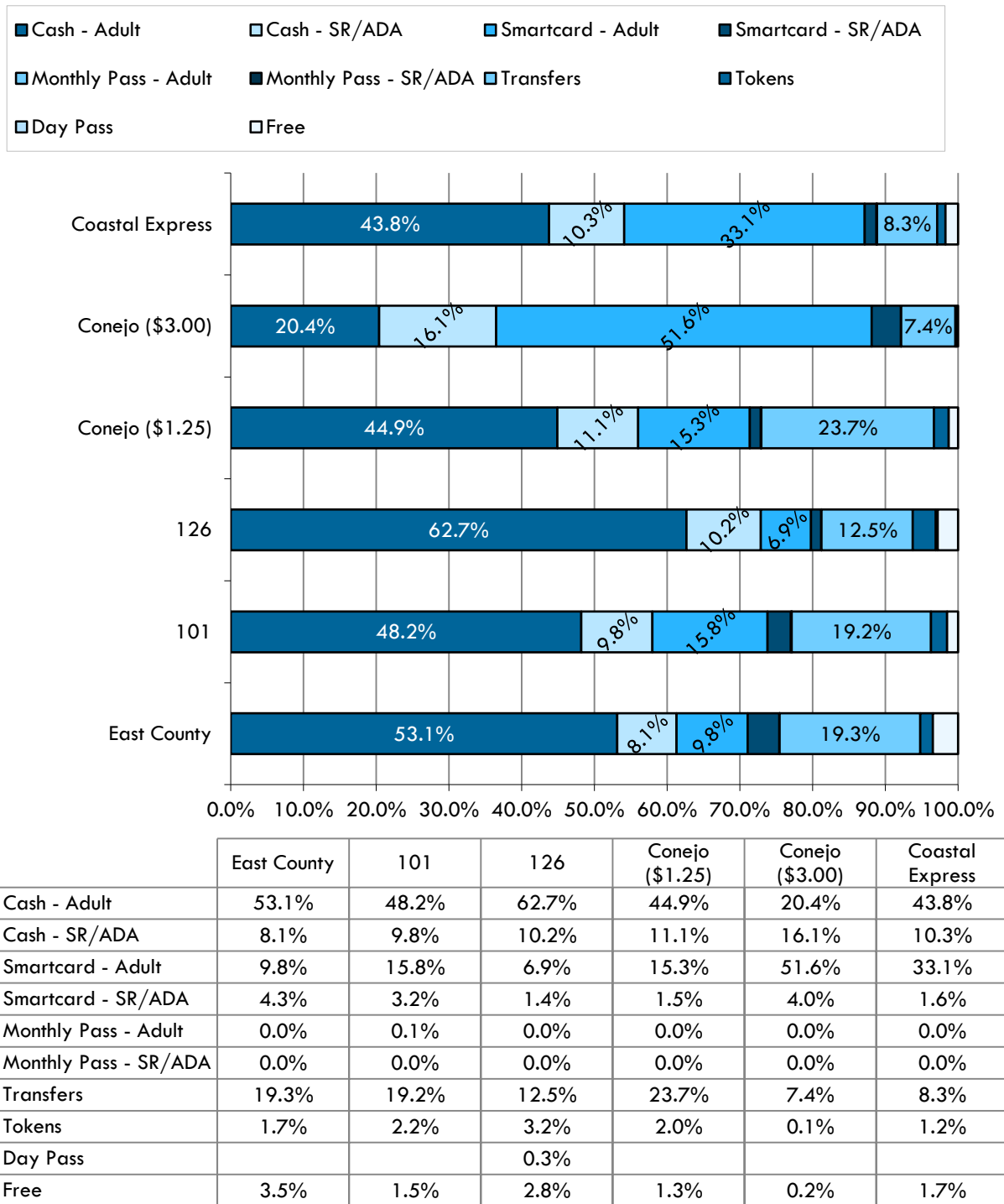


Source: VCTC (FY 13/14 ridership data)

⁹ CSUCI has been excluded from these charts given the high usage of Shuttle Passes

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Figure 12 Ridership by Fare Type



Source: VCTC (FY 13/14 ridership data)

Future Plans

With the impending shift away from the Go Ventura card, VCTC is investigating other options for fare products with the intent to move towards pre-encoded magnetic stripe fare media in the spring of 2015. Initially, it is conceived that similar fare products would be offered and pass products would continue to be specific to VCTC Intercity services. Currently, the following pass products are being considered:

- Unlimited-use pass (31-day rolling pass)
- 10-Ride Pass (sold at 10% off of regular cash fare) – to replace e-purse
- Single-ride tickets (to replace tokens used by social service agencies)

Fare levels would continue to be sold based on level of service which would include an Inter-county zone (Ventura, Santa Barbara, and Los Angeles Counties) and a Ventura County-only product. Similar fare categories (adult/student and reduced) would continue to be provided.

PEER REVIEW

As a way to qualify potential future fare options, four peer agencies have been selected based on certain characteristics that are similar to VCTC Intercity. The fare structures and fare policies of these agencies are highlighted and key takeaways are noted that could be used to help inform future recommendations for VCTC's own fare policies. The purpose of this section is to provide comparative information related to fares for several agencies with similar operating characteristics to VCTC. The peer agencies were selected based on various attributes including service area, service population, operating characteristics, and location.

- **Clean Air Express (Lompoc, CA):** Provides intercity express services between various cities in Northern Santa Barbara County
- **Foothill Transit (West Covina, CA):** Provides local, limited-stop, and commuter express services in the San Gabriel Valley. Express services travel to/from Downtown Los Angeles
- **Butte Regional Transit (Chico, CA):** Provides local and intercity transit service in Butte County
- **San Luis Obispo RTA (San Luis Obispo, CA):** Provides intercity transit service in San Luis Obispo county and some service into northern Santa Barbara County

Agency Characteristics

Data used in this review was collected from a number of sources including the National Transit Database (NTD), US Census Bureau, agency websites, and from one-on-one conversations or emails with agency staff.

Figure 13 presents basic demographic information for VCTC Intercity and other peer services based on NTD submissions.

Figure 13 Demographic Information

	VCTC Intercity	Clean Air Express	Foothill Transit	Butte Regional Transit	San Luis Obispo RTA
Service Population	367,260	55,666	1,515,836	190,000	206,008
Density (pop. per square mile)	4,372	1,392	4,636	1,188	62
Largest Incorporated City	Oxnard, CA	Lompoc, CA	Los Angeles, CA	Chico, CA	San Luis Obispo, CA
Median Income**	\$66,859	\$45,818	\$53,791	\$43,372	\$45,032
Average Gasoline Price*	\$2.65	\$2.66	\$2.67	\$2.54	\$2.80

Data Source: 2012 National Transit Database

*Average Gasoline Price reflects average regular unleaded price on December 29, 2014 from Gasbuddy.com

**Median Household Income reported from the US Census Bureau in 2014 income adjusted dollars

Figure 14 presents various operating statistics for each of the peer agencies. Both Foothill Transit and Butte Regional Transit provide a range of fixed route service types under the NTD category "Bus". Thus, it may be difficult to accurately provide a "one-to-one" comparison of operating statistics for these services. For example, Foothill Transit operates local fixed route, limited-stop, and commuter express under one NTD category. Clean Air Express is funded without FTA funds and does not provide reporting to NTD. Their operational data is self-reported.

Clean Air Express operates the least amount of service with approximately 18,000 revenue hours (intercity services only). Foothill Transit operates the most at approximately 672,000 hours per year (which includes all fixed route services). In terms of productivity, three of the four agencies have similar statistics of about 20 passengers per revenue hour. Clean Air Express is least productive with about 12 passengers per revenue hour.

Figure 14 Fixed Route Operating Statistics

	VCTC Intercity	Clean Air Express	Foothill Transit	Butte Regional Transit	San Luis Obispo RTA
Service Area (square miles, land only)	84	40	327	160	3,320
Service Population	367,260	55,666	1,515,836	190,000	206,008
Density (pop. per square mile)	4,372	1,392	4,636	1,188	62
Peak Vehicles	25	10	266	26	19
Annual Revenue Hours	53,109	18,284	671,603	69,503	46,646
Annual Revenue Miles	1,499,743	287,582	99,295,539	1,087,495	1,208,570
Annual Boardings	869,354	221,000	13,860,335	1,306,431	902,746
Annual Operating Cost	3,152,640	\$1,372,000	\$62,614,618	\$5,146,538	\$4,786,178
Annual Passenger Fares	1,336,508	\$1,050,000	\$18,496,259	\$1,246,467	\$1,394,855
Farebox Recovery Ratio	42%	76.5%	29.5%	24.2%	29.1%
Cost/Revenue Hour	\$59.36	\$75.04	\$93.23	\$74.05	\$102.61
Cost/Passenger	\$3.63	\$6.21	\$4.52	\$3.94	\$5.30
Passengers/Revenue Hour	16.37	12.09	20.64	18.80	19.35
Subsidy/Passenger	\$2.09	\$1.46	\$3.18	\$2.99	\$3.76
Average Fare/Passenger	\$1.53	\$4.75	\$1.33	\$0.95	\$1.55

Data Source: 2012 National Transit Database, Clean Air Express website

Peer costs on a revenue hour basis range from approximately \$75 (Butte Regional Transit and Clean Air Express) to \$100 (San Luis Obispo RTA). VCTC Intercity falls below this range at \$59.36. Operating costs per passenger range from \$3.94 (Butte Regional Transit) to \$6.21 (Clean Air Express). These statistics are illustrated in Figure 15 and

Figure 16. Variations in operating cost may be associated with differences in vehicle types in providing services as some intercity services utilize standard 40' buses while others use over the road coaches. Again, VCTC Intercity falls below its peers with a cost per passenger of \$3.63.

Figure 15 Operating Cost per Revenue Hour

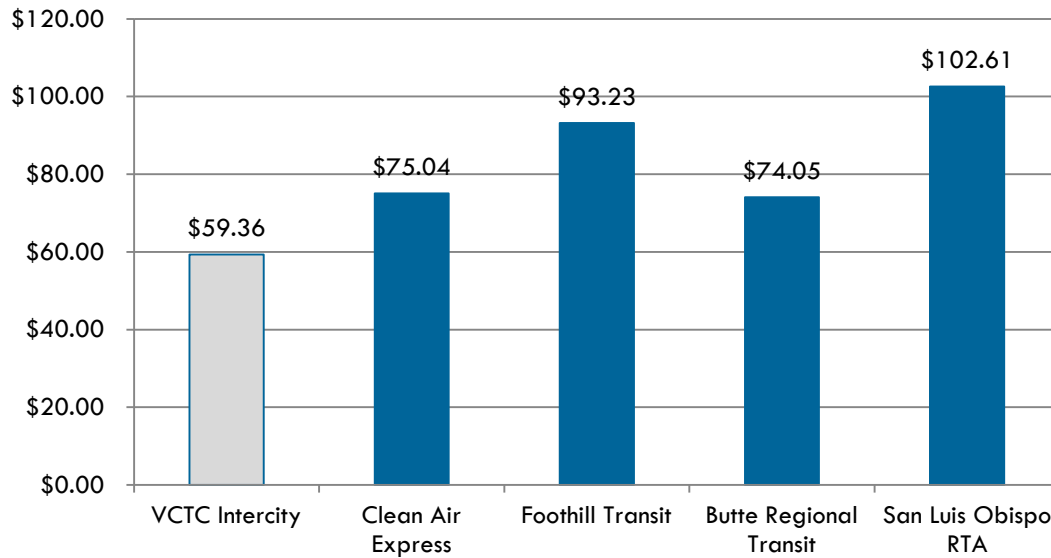
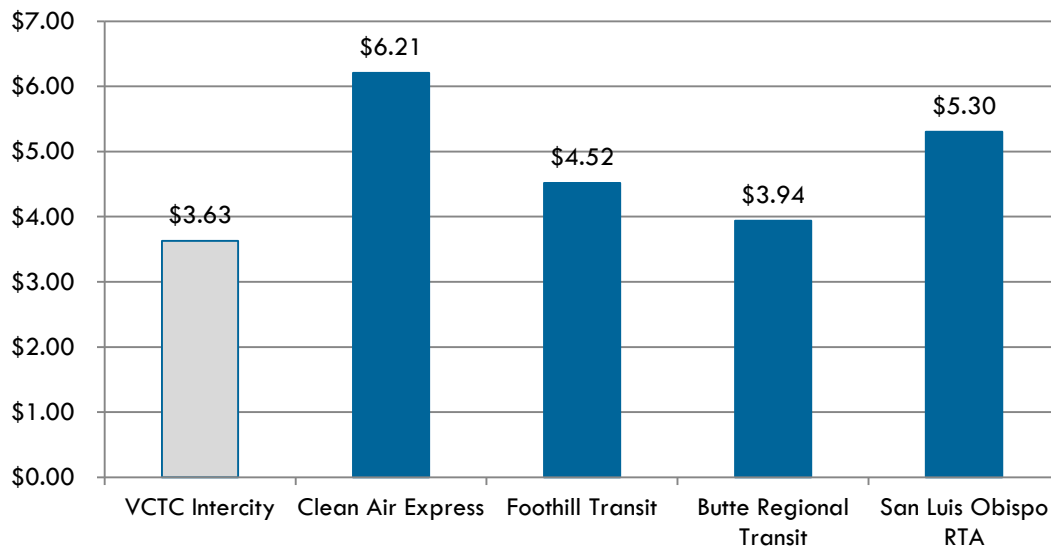
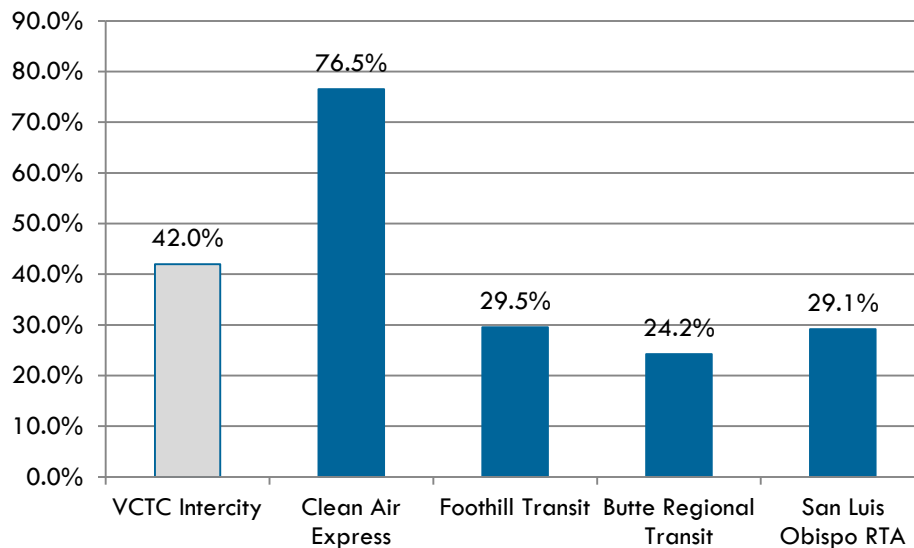


Figure 16 Operating Cost per Passenger



Clean Air Express' farebox recovery ratio (76.5%) is significantly higher than the other three agencies' ratios which all are less than 30% (See Figure 17 below). Additionally, Clean Air has the lowest subsidy per passenger at \$1.46, with the others all near \$3 or more.

Figure 17 Farebox Recovery Ratio



Fare Structure and Passenger Discounts

Fixed Route Fare Structure

Figure 18 compares the fixed route fare structures of VCTC Intercity to the four agencies discussed in this review. Cash fare for all passenger categories and all pre-paid fare instruments including various passes and other special features of each agency's fare structure are shown. All agencies except Clean Air Express charge similar prices for a single, standard ride (roughly \$1.25 to \$3). The Clean Air Express one-way fare (\$7) is significantly higher than the premium fare charged by other agencies that provide a similar express types of services. Some other highlights include:

- All of the agencies with the exception of Clean Air Express also offer a discounted cash fare for qualifying children, students, seniors, and disabled.
- All agencies offer multi-trip passes except Foothill Transit, with Clean Air Express offering the most expensive option at \$50 compared to others that charge less than \$20.
- All agencies offer unlimited-ride monthly passes for all their unique services. Costs range from \$37.50 (Butte Transit local service) to \$150 (Clean Air Express).
- Additionally, all agencies with the exception of Clean Air Express offer discounted monthly passes for students, seniors, and the disabled. Agencies charge similar rates (roughly \$30 for students and \$20 for seniors, with certain express Foothill Transit routes being more expensive).
- Children that are offered free service (depending on the agency) must all be accompanied by a paying adult.

Premium and Zonal Fares

Both Butte Regional Transit and Foothill Transit charge a premium for express or intercity services. On Foothill Transit, express routes to/from downtown Los Angeles are more than

double the fare of local service. Butte Transit's regional services cost approximately 30% more than the local fixed route fare. San Luis Obispo RTA has a zone fare system and charges \$1.50-\$3 depending on the distance traveled.

Transfers and Transfer Policies

Currently, a wide variety of policies are being used to handle transfers at peer agencies. These policies can be quite complicated, and cannot be easily summarized without some level of detail. These policies are within the footnotes of Figure 18, but will be explained further below.

- Clean Air Express offers free transfers to those commuting from Santa Maria/Bullerton to UCSB at select stops. These transfers are during rush hour in the morning (towards UCSB) and evening (from UCSB).
- Foothill Transit transfers are \$0.50 when you pay your full fare at time of boarding. These transfers are good for two hours within the system. Customers wishing to use a local transfer to board the Silver Streak, Lines 481 and 690, or Commuter Express service must pay the difference of the fare. Discounts on local transfers are available for qualifying seniors and the disabled.
- Butte Regional Transit offers free transfers from local to local, regional to local, and regional to local. Using a local transfer on a regional route requires an additional \$0.40 fare. Discounts for this extra fare are available for qualifying students and seniors. Local transfer is valid for 1 hour and regional transfer for 2 hours.
- San Luis Obispo offers free transfers between routes/services at select, connecting stops

Fare Policies and Innovative Practices

Additional information forthcoming – awaiting responses from various Peer Agencies regarding fare increase policies, transfer issues, and setting pass prices.

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Figure 18 Peer Agencies Fare Structure Comparison

Fixed Route	VCTC Intercity		Clean Air Express	Foothill Transit		Butte Regional Transit		San Luis Obispo RTA
Service Type	Intra-county	Inter-county		Local Service	Commuter Express	Local Service	Regional Service	
Cash								
Adult (Full Fare Single Ride)	\$1.25	\$3.00	\$7.00	\$1.25	\$4.90	\$1.50	\$2.00	\$1.50 - \$3.00 depending on distance
Student	\$1.25	\$3.00	N/A	1.25 (K-College)	N/A	\$1.00 (ages 6-18)	\$1.50 (ages 6-18)	\$0.75 - \$1.50 (K-12)
Senior /Disabled	\$0.60	\$1.50	N/A	\$0.50	N/A	\$0.75	\$1.00	\$0.75 - \$1.50 (ages 65-79) free (ages 80+ and ADA card holders)
Child	free (5 and under)	free (5 and under)	N/A	free (5 and under)	free (5 and under)	free (under 6)	free (under 6)	free (5 and under)
Transfers ^{(1) (2) (3)} _{(4) (5)}	free	+\$1.50	free	\$0.50 (Senior/Disabled - \$0.25)	Transfer +\$3.65	free	\$0.40 (Student - \$0.30) (Senior - \$0.20)	free
Passes								
10 Ride Pass	N/A	N/A	\$50.00	N/A	N/A	\$13.50 (Student - \$9.00) (Senior - \$6.75)	\$18.00 (Student - \$13.00) (Senior - \$9.00)	\$14.00 (7 day pass)
Monthly Pass	\$50.00	\$105.00	\$150.00	\$70.00	\$170.00	\$37.50	\$48.00	\$44.00
Student Pass	N/A	N/A	N/A	\$33/31 days	N/A	\$25/30 days	\$34/30 days	\$22/31 days
Senior/Disabled Pass	\$25.00	\$52.00	N/A	\$22/31 days	N/A	\$19/30 days	\$25/30 days	\$22/31 days free (ages 80+)
Day Pass	N/A	N/A	N/A	N/A	N/A	\$4.00	\$4.00	\$5.00

Footnotes:

(1) Clean Air Express offers free transfers to those commuting from Santa Maria/Bullerton to UCSB at select stops.

(2) Foothill Transit transfers are purchasable for \$0.50 when you pay your full fare at time of boarding and good for 2 hours. Transfers are worth the dollar value of the customer's local fare. Customers wishing to use a transfer to board the Silver Streak, Lines 481 and 690, or Commuter Express service must pay the difference.

(3) Butte Regional Transit offers free transfers from local to local, regional to local, and regional to local. Using a local transfer on a regional route requires an additional \$0.40 fare (discounts applicable).

(4) San Luis Obispo offers free transfers between routes/services at select stops

(5) Transfers are free between VCTC fixed route services. Transfers to the Coastal Express and Conejo Connection include a \$1.50 upcharge from regular VCTC fixed route services (see Transfer Policies)

Monthly Passes

Figure 19 presents a comparison of various monthly pass fare rates between these four agencies. Foothill Transit's local service has the highest monthly pass multiplier of 56. San Luis Obispo has the lowest range of 11-29 depending on distance traveled.

Figure 19 Pass Cost Comparisons

Fixed Route	VCTC Intercity		Clean Air Express	Foothill Transit		Butte Regional Transit		San Luis Obispo RTA	
	(Intra-county)	(Inter-county)		Local	Commuter Express	Local	Intercity	Shorter Distance Trips	Longer Distance Trips
Adult (Full Fare - Single Ride)	\$1.25	\$3.00	\$7.00	\$1.25	\$4.90	\$1.50	\$2.00	\$1.50	\$3.00
Monthly Pass	\$50.00	\$105.00	\$150.00	\$70.00	\$170.00	\$37.50	\$48.00	\$44	
Monthly Pass Multiplier	40	35	21	56	35	25	24	29	11

Key Findings

Based on the review of the various peers, the following key observations were made:

- VCTC Intercity's operating costs are relatively low as compared to the selected peers.
- VCTC's base one-way fare of \$3.00 is within range of other peers who provide intercity transit services. Clean Air Express' \$7.00 is an outlier.
- VCTC does not offer an intermediate fare product between one-way cash fares and the monthly pass. Other agencies provide a weekly pass or 10-ride fare product. (VCTC does currently offer the 10% discount if using the Go Ventura Card)
- VCTC's current monthly pass multiplier is at the high end of the range amongst all peers. Particularly when comparing the Inter-county product (35) to similar products at Butte Regional Transit (24) and San Luis Obispo RTA (11).

RECOMMENDATIONS

Based on the existing conditions and peer review, the following recommendations have been outlined with a focus on fare increase policies and the transition away from the Go Ventura Card. The recommendations here are based on the consultant's understanding of VCTC's current policies, recent trends and fare goals supplemented with understanding of industry trends and best practices. Please note that the Peer Review is still in process and additional findings based on interviews with peer agency staff may slightly modify the recommendations below.

Fare Policies

Guidelines for Fare Increases

Several factors need to be considered when raising fares, ranging from how fares are perceived by the transit riding public, whether they are "in line" with peer agencies, to what is the "appropriate" ratio between passenger fares and operating costs. VCTC Intercity has undergone

several fare increases across services and fare products within the past four years under pressure from an unstable funding climate. In the future, VCTC should consider a transparent fare increase policy that enables more regular fare increases to stay in-line with inflation and other revenue related trends.

The following guidelines are provided for VCTC's consideration:

- On a semi-annual basis, VCTC will review the average fare and subsidy per passenger, and the farebox recovery ratio for VCTC Intercity services when developing the annual operating budget. If all three ratios are declining and costs to operate the service are increasing (including contract costs), consider a fare adjustment. VCTC may even establish an internal target for farebox recovery ratio (current farebox recovery ratio average across all VCTC Intercity services is close to 50% when including the CSUCI fare revenue guarantee).
- VCTC will monitor the local consumer price index and if increases are greater than 5% in any given year, consider increasing fares to keep pace with inflation
- Monitor and track use of all passes and if there is a significant drop in sales with any fare product, consider a fare adjustment for that product. Similar to an underperforming route, underperforming fare products should be evaluated for adjustments or elimination.
- For all future fare increases, pass products prices should be rounded to the nearest dollar. Single-ride prices and/or Day Pass products should be rounded to the nearest quarter.
- Fuel prices should be considered as part of a fare adjustment policy. However, given the volatility in fuel prices, it may be difficult to use average cost of fuel as a consistent barometer for a fare increase policy (see Fuel Surcharges below)
- “Across the board” fare increases are simple and transparent, but will often create disproportionate impacts. These types of fare increases should be avoided unless supported by evidence that the strategy meets specific goals at the time of evaluation.
- These guidelines assume that service levels would remain constant. Fare increases paired with service level increases may be warranted assuming support exists for both. Fare increases paired with service cuts should be avoided when possible.
- “Premium” services, or services that offer a competitive time or comfort advantage over vehicle or transit alternatives should be priced at a higher level to differentiate the product

Recommendation: Establish and adopt guidelines for fare increases based on fare analysis guidance.

Fuel Surcharges

In recent years, transit operators have contended with volatile fuel prices, which have fluctuated widely. Prices for diesel have gone as high as nearly \$5.00 per gallon in 2008 to \$3.55 per gallon in December 2014. Given this variability, some transit agencies, particularly those traveling longer distances for intercity routes, have considered a fuel surcharge policy to cope with fuel prices that do not rise in a uniform fashion. The intent of such a policy is to guard against surges in fuel prices by providing supplemental revenues to help cover higher operating costs related to fuel. If VCTC were to consider a fuel surcharge policy, the following guidelines are suggested:

- A surcharge is intended to specifically cover the cost of increased fuel prices. If prices were to drop back to normal levels, the fuel surcharge should be removed.
- Thresholds to enact a fuel surcharge should be based on an independent metric of fuel prices such as the U.S. Energy Information Administration's reports on gasoline and diesel fuel
- A policy could include multiple "tiers" of fuel surcharge based on the current costs of fuel. As an example, the lowest tier could include a \$0.25 surcharge that could increase by \$0.25 as fuel prices increase past certain thresholds or percentages.
- A fuel surcharge policy should be communicated to riders well in advance of any associated fuel-related fare increases
- Given that a fuel surcharge of any type would be considered a fare increase, it is subject to a fare equity analysis as defined by FTA's Title VI requirements

Recommendation: Consider adopting a fuel surcharge policy to guard against significant future fuel price changes, particularly in a time when fuel prices are at historical lows.

Multiple-Ride Products

Context

The Go Ventura smartcard program will be phased out in mid-2015 as equipment has been deteriorating and the cost of replacement has been deemed too high given the return on investment. The Go Ventura card provides customers the ability to store both passes and e-purse funds, which provide fares at a 10% discount. Based on rider feedback, usage for both of these products is relatively low with exception to Coastal Express and Conejo Connection (many routes continue to have combined cash/e-purse usage that exceeds 70%). This provides an opportunity to reevaluate VCTC Intercity multiple-ride products, distribution and pricing. When approaching the development of fare offerings, the following principles apply:

- Each fare product should have a defined market (e.g., frequent users vs. infrequent users, riders who seek the highest discount, etc.)
- Generally, there is an interest in increasing multiple-ride fare product usage (reduced dwell time, increases customer commitment to service) as compared to customers paying cash
- Customer fare discounts should increase based on the volume of service provided (e.g., a monthly pass should provide a higher discount than a shorter-duration pass product).
- Multiple-ride products should be designed to reduce fare evasion and fraudulent use

Recommended Products

Currently, VCTC offers pass products that could be used countywide on various services. This provides several benefits. It reduces the number pass products throughout the county (reducing customer confusion) and increases pass distribution locations (given that more agencies are selling the same pass). In addition, it reduces the need for various permutations of transfers between agencies. However, given the elimination of the Go Ventura card, individual agencies in Ventura County will begin offering their own unique products.

Based on existing data, VCTC Intercity pass usage is not meeting its potential. A variety of reasons could be the cause including:

- Inconvenient access to pass sales outlets
- Long reload times of existing Go Ventura passes (up to 5 days for telephone recharge)
- Prices are too high
- Confusion about what pass to choose

Moving forward, it is suggested that passes be restructured and renamed to align with their specific market demands (while maintaining countywide consistency). The following tiers are suggested:

- **Dial-A-Ride 10-Trip Passes:** To be sold specifically for the Dial-A-Ride services in Camarillo, Santa Paula, and Piru (may not be necessarily in the Heritage Valley given the Heritage Valley Pass, below)
- **Heritage Valley Pass:** Valid on all local routes and Dial-A-Ride services in Fillmore, Santa Paula, and Piru
- **Locals Pass:** Good on any fixed route system within Ventura County (except Coastal Express, Conejo Connection to/from Warner Center, and Dial-A-Ride services)
- **Premium Pass:** Benefits of Local Pass, and includes inter-county services such as Coastal Express and Conejo Connection to/from the Warner Center. Given that the Premium Pass is a relatively expensive fare product, VCTC may want to consider adding a multi-pass product that is at a lower price point for those who cannot afford a Premium Pass (Such as a Premium 10 or 20 Ride product).

These tiers are intended to separate the fare structures for Dial-A-Ride, fixed route services, and express types of services. This structure also eliminates the unlimited usage pass product for Dial-A-Ride in Camarillo where there is also local fixed route service. The Heritage Valley Pass (which allows DAR service) is provided as the Santa Paula Commuter Bus may be eliminated in the future, leaving the study area without fixed route service. 10-Ride pass products are common amongst Dial-A-Ride services as a way to provide financial incentives to prevent overuse, since Dial-A-Ride systems often run into capacity limitations.

Multiple-Ride Pricing

Figure 20 provides a summary of the proposed pass products and guidance on pricing strategies. The pricing strategies below presume a goal of increasing pass usage. The benefits of increasing pass usage include reduced dwell times, up-front revenue collection, reduced costs in fare counting, and fewer farebox problems (jammed fareboxes, etc.). However, this comes at a tradeoff of potentially reducing the average fare per passenger if discounts are provided to incent pass usage. Yet, one must consider the amount of effort to advertise, print and distribute fare products, only to have them not be used.

Before selecting a final fare pricing scheme, VCTC Intercity should establish its fare product goals and outline if fare products are intended only for a select few, or if it has a goal to reach higher percentages of pass usage (it is more typical for agencies to have approximately 50% pass usage and 50% cash usage).

Figure 20 Proposed Multiple-Ride Products and Pricing

Pass Product	Pricing Strategy	Proposed Range	Notes
Dial-A-Ride 10-Trip	This product is geared towards making it more convenient to purchase DAR trips, but does not necessarily provide a significant discount given the cost of providing DAR service	Costs to purchase a 10-Trip pass should be at cost or at a slight discount (10 trips for the price of 9)	Pass sale locations should be provided by mail or within each of the communities where these services are offered
Heritage Valley Pass	This pass replaces the existing VCTC Intercity Monthly Dial-A-Ride Pass	Currently \$20 is a very low price for unlimited access to the Dial-A-Ride service. It is recommended that this fare be evaluated for increase	Pass sales of this product should be offered within the Heritage Valley
Locals Pass	This pass product replaces the "Regular Monthly Pass" but excludes the Camarillo Dial-A-Ride	Currently, assuming a base fare of \$1.25, the pass multiplier is 40. A new multiplier between 30-35 should be considered to incentivize usage	Pass pricing should consider that most riders do not need multiple agencies to complete their trip. A 10-Ride Pass could also be considered for trips within Ventura County, but it is preferred to shift these riders to a Locals Pass.
Premium Pass	This pass product replaces the "Inter-county Monthly Pass"	Currently, assuming a base fare of \$3.00, the pass multiplier is 35. However, given the longer-distance nature of service, it is common for less consistent ridership, which may warrant a lower multiplier (25-30) to be considered.	Determining the estimated number of rides per month for Conejo Connection and Coastal Express riders is critical in establishing the proposed pass price. Also, this pass strategy presumes expanded distribution opportunities in Ventura.
Premium 10-Ride	Given the high usage of "e-purse" on Coastal Express and Conejo Connection, this product would offer a replacement with an equivalent 10% discount	Assuming one-way trip prices remain the same, a Premium 10-Ride product should be offered at \$27 (10% discount from \$3)	Assuming farebox capabilities, VCTC may consider vending 10-Ride tickets at the farebox. However, farebox vended fare media tends to wear easily (potentially causing future farebox delays). In addition, vending pass products from the farebox also potentially can increase dwell times.

Pass Media

A major change for VCTC will be the phasing out of electronic fare equipment. In the future, it is likely that most Ventura County transit operators will be moving towards magnetic fare media which can be accepted and validated at the farebox. Similarly, VCTC Intercity fare products should use consistent fare media for all of its fare products. Fare media should be able to be validated within the farebox (magnetic reader) and visually in the case of a malfunctioning farebox or on routes that do not have the proper farebox equipment. Multi-ride products such as 10 or 20 ride farecards should also have the ability to be “hole punched” or manually validated by operators. All farebox-vended fare media, intended for usage longer than one day, should be the most durable (typically thickest) fare media possible. This will help reduce farebox malfunctioning in the future (which may cause future delay and high instances of fare evasion).

Pass Distribution

While there is a general interest to expand fare distribution options throughout the service area, this interest must be weighed against the costs to adequately “protect” fare media from theft and ensure proper sales. Currently, fare media is sold at numerous municipal locations. However, many of these locations are not necessarily convenient for riders. Consider the Coastal Express, which carries the highest volume of VCTC Intercity riders. There currently are no pass sales locations within a short walk to/from the route.

VCTC should consider expanding sales locations for its fare products at a limited number of grocery locations like Vons or Ralphs, which improves rider convenience. Typically, these relationships are under a consignment arrangement where VCTC holds ownership of fare products until they are actually sold to the customer. In these situations, the third-party only facilitates the transaction and serves as the middleman for funds.

Alternatively, VCTC could establish an online order program to distribute pass products by mail (including a convenience fee for postage). Again, these strategies come at a cost, but are critical components if increasing pass usage is a goal.

Implementation

It is our understanding that no fare media equipment will be initially at each point of sale and that pre-encoded magnetic fare media will be available starting in April 2015. Understanding the short time-frame before this change and the changes that will occur to both fare products and fare technology, we want to emphasize the importance of customer and operator communication in advance of this change. Given the low usage of pass products, the switch from Go Ventura cards for pass users will likely generate a low amount of customer service issues. However, given the larger volume of e-purse users, VCTC should prepare for potential customer service questions and complaints as a result of this change. In addition to general communication about fare product changes, additional training materials should be provided for operators and even for riders to inform them on how to use the new fareboxes.