



STUDY SESSION

Joint Study Session of Valley Metro RPTA and Valley Metro Rail

Date:

June 20, 2019

Starting Time 9:30 a.m.

Location:

Valley Metro
Lake Powell Conference Room (10A)
101 N. 1st Avenue, 10th Floor
Phoenix

If you require assistance accessing the meetings on the 10th floor, please go to the 14th floor or call 602.262.7433.





Study Session Notice & Agenda

June 17, 2019

Joint Study Session Agenda Valley Metro RPTA and Valley Metro Rail Thursday, June 20, 2019 Lake Powell Conference Room 101 N. 1st Avenue, 10th Floor 9:30 a.m.

Study sessions provide a less formal setting for the Boards of Directors to discuss specific topics, at length, with each other and Valley Metro staff members. Work study sessions provide an opportunity for staff to receive direction from the Boards and for the public to observe the discussions.

1. Valley Metro Fare Policy and Fare Collection System

Paul Hodgins, Chief Financial Officer, will provide an overview of the Valley Metro Fare Policy and Fare Collection System.

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print, audiocassette, or computer diskette) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org.





Study Session Background

DATE

STUDY SESSION ITEM 1

June 17, 2019

SUBJECT

Valley Metro Fare Policy and Fare Collection System

BACKGROUND | DISCUSSION

The current regional fare structure was adopted by the Valley Metro Board and City of Phoenix Council in 2007. The new structure took advantage of functionality with the fare collection system (FCS) being implemented in 2007/2008, purchased from Scheidt & Bachmann (S&B). The fare has been increased twice since the FCS was implemented, in 2009 and 2013.

The S&B system is proprietary in nature and not easily modified and consequently the technology has not been updated to keep pace with newer technologies such as mobile ticketing. Valley Metro and the City of Phoenix are currently evaluating proposals to replace the FCS for both the bus and light rail modes. The new system will be open and flexible to easily allow changes to incorporate innovative technologies. Paratransit fare media are not currently addressed through the new FCS, but could be incorporated in the future.

The new FCS will provide greater control of fare media and usage through account based technology. While providing greater control for Valley Metro, the system will also allow for more flexibility and options for the riders. The new system will allow for mobile ticketing, stored value smartcards and a web based management tool for riders to manage their accounts.

The new system will also allow Valley Metro to address the increased use of reduced fare media. The reduced fare paper passes are widely available and historically have not required any identification to demonstrate eligibility. This has resulted in a significant increase in use of reduced fare passes far above what would be expected from the number of eligible riders.

The account based system will allow Valley Metro to control which accounts are eligible for reduced fares. Mobile tickets or stored value smartcards would have to be associated with eligible accounts in order to benefit from the reduced fare. Valley Metro would manage a reduced fare eligibility process to ensure that only legitimate reduced fare eligible riders would benefit.





In the interim, Valley Metro and the City of Phoenix have worked with transit staff from across the region to develop some interim actions that could be taken to address the reduced fare abuse. The comprehensive list of potential actions have been analyzed and several recommended actions will be presented for discussion.

CONTACT

Paul Hodgins Chief Financial Officer phodgins@valleymetro.org

ATTACHMENT

None

Summer 2019

Transit Passes

Regular Fare-Local Bus/Light Rail



1-Ride: \$2.00 per ride

- Exact fare is required at the farebox.
- · No receipt issued on the bus.
- FOR LIGHT RAIL ONLY: A 1-Ride fare is purchased at light rail fare vending machines and is only good on light rail. Keep receipt as proof of purchase.



▶ 1-Day Pass: \$4.00
 ▶ 15-Day Pass: \$33.00
 ▶ 7-Day Pass: \$20.00
 ▶ 31-Day Pass: \$64.00

- Once activated, 1-Day passes are valid for unlimited rides on local bus and light rail until 2:59 a.m. the next day.
- Once activated, 7-Day, 15-Day and 31-Day passes are valid for unlimited rides on local bus and light rail during a 7-, 15- or 31-day consecutive period.
- An additional \$1.25 is required for Express/RAPID.
- · Activation occurs on first use.
- Can be purchased at fare vending machines, transit centers, retail locations or *valleymetro.org*.

Express/RAPID



1-Ride: \$3.25 per ride

- Exact fare is required at the farebox.
- No receipt issued on the bus.



- Once activated, 1-Day passes are valid for unlimited rides on local bus, Express/RAPID and light rail until 2:59 a.m. the next day.
- Once activated, 31-Day passes are valid for unlimited rides on local bus, Express/RAPID and light rail for a 31-day consecutive period.
- · Activation occurs on first use.
- Can be purchased at fare vending machines, transit centers, retail locations or *valleymetro.org*.
- Reduced passes require an additional fare on Express/RAPID.

Reduced Fare*-Local Bus/Light Rail



1-Ride: \$1.00 per ride

- Exact fare is required at the farebox.
- No receipt issued on the bus.
- FOR LIGHT RAIL ONLY: A 1-Ride fare is available for purchase at light rail fare vending machines and is only good on light rail. Keep receipt as proof of purchase.



- Once activated, Reduced All-Day passes are valid for unlimited rides on local bus and light rail until 2:59 a.m the next day.
- Once activated, Reduced 7-Day, 15-Day and 31-Day passes are valid for unlimited rides on local bus and light rail during a 7-, 15- or 31-day consecutive period.
- An additional \$2.25 is required for Express/RAPID.
- · Activation occurs on first use.
- Can be purchased at fare vending machines, transit centers, retail locations or valleymetro.org.



*Reduced Fare Policy

Issued to persons with disabilities, youth ages 6-18, seniors age 65 and older, persons with disabilities and Medicare card holders who qualify for reduced fares on local bus routes and light rail. Passengers must carry valid proof of eligibility to use reduced fares on the bus and light rail. When using reduced passes on Express and RAPID buses, an additional fare is required.

ACCEPTABLE IDS FOR PROOF OF ELIGIBILITY ARE:

- Valley Metro Reduced Fare ID Card.
- Medicare card along with a valid photo ID such as driver's license, state ID or passport.
- Valid Arizona driver's license or Arizona non-driver's ID indicating proof of age.
- School ID with photo and current school year.
- Valley Metro Reduced Fare ID Card (\$5.00).



Other Passes



Tempe Youth Pass: Free

- Valid for unlimited rides on all local bus, Express/RAPID and light rail.
- Cards are encoded with a start date, expiration date and serial card #.
- Issued to youth between the ages of 6-18 who reside within Tempe city limits.
- Cards include youth photo.



ASU Student U-Pass: \$150.00 August 2019-May 2020

- Valid for unlimited rides on local bus, Express/ RAPID and light rail.
- Cards are encoded with a start date, expiration date and serial card #.
- Card must be validated before each and every boarding.



Semester Pass

► Fall or Spring: \$230.00

► Fall or Spring (reduced): \$115.00*

▶ Summer: \$154.00

► Summer (reduced): \$77.00*

- Valid for unlimited rides on local bus and light rail for entire period printed on pass.
- An additional \$1.65 is required for Express/ RAPID full fare and \$2.45 for reduced fare.



Group Field Trip Pass: Free

- Issued by Valley Metro's Outreach Program.
- Can be used for a maximum of 35 students and adults.
- Valid from 8:30 a.m. to 2:30 p.m. on day of activation only.



Courtesy Pass

- Issued to customers by bus operators when fare media is kept by farebox, or when money is inserted and no pass is issued.
- Incident card must be completed for loss of 7-, 15- and 31-Day passes.



Platinum Pass (Employers Only)

Billed for actual number of trips, up to a maximum of:

- \$64 per month for local bus and light rail.
- \$104 per month for Express/RAPID routes.
- Offered to employers; not sold to individuals.
- Cards are encoded with a start date, expiration date, company account # and serial card #.
- · Valid for up to three years.
- Card must be validated before each and every boarding.



Phoenix Dial-a-Ride (DAR) Monthly Pass

- Available to ADA certified city of Phoenix residents only; pass is acquired through an application process.
- Valid on ADA paratransit service in city of Phoenix and on local bus and light rail.
- Shows as a reduced fare when swiped at the farebox.
- An additional \$2.25 required on Express/RAPID.



ADA Platinum Pass

- Available only to ADA certified passengers.
- Valid on local, Express, Rapid bus and light rail.
- Not valid for Dial-a-Ride or Paratransit service.
- If Personal Care Attendant (PCA) is indicated on the card, the PCA is not charged a fare when traveling with the cardholder (the need for a PCA is determined in the ADA eligibility process).



Transit Employee ID

- · Issued to transit agency staff.
- Valid on all local bus, Express/RAPID and light rail.
- Various card designs.
- Cards include employee photo and agency name.

Fare Policy and Fare Collection System

June 2019



Fare Policy



Current Fare Options



EXPRESS / RAPID BUS





LOCAL BUS / LIGHT RAIL					
Full Fare		Reduced Fare*			
1-Ride	\$2.00	1-Ride	\$1.00		
All-Day	\$4.00	All-Day	\$2.00		
7-Day	\$20.00	7-Day	\$10.00		
15-Day	\$33.00	15-Day	\$16.50		
31-Day	\$64.00	31-Day	\$32.00		

Full Fare

1-Ride \$3.25

All-Day \$6.50

31-Day \$104.00

*Available for youth ages 6 through 18, seniors 65 and older, persons with disabilities and Medicare card holders. Qualified persons may obtain a Valley Metro Reduced Fare Identification Card as proof of eligibility. Seniors and youth may show any valid photo ID indicating a birth date issued by a governmental agency.

Children ages 5 and younger ride free when accompanied by a fare-paying caretaker or guardian.

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Other Fare Programs





- Platinum Pass
 - · Organizations with five or more riders
 - · Charged for actual number of rides up to a maximum of
 - \$64 per month per rider for local bus and light rail
 - \$104 per month per rider for Express/RAPID bus
- Special Events Pass
 - Minimum of 100 participants or passes
 - Charged per boarding, up to event duration cap

Other Fare Programs





- Semester Pass
 - Passes available at participating colleges and universities
- Tempe Youth Pass
 - Free for youth (age 6-18) who live in Tempe
- ASU Student U-Pass
 - Available through ASU Parking and Transit Services

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Fare Collection System





Current Fare Collection System





- Implemented in 2007-2008
- Scheidt & Bachmann
 - Fareboxes
 - Ticket Vending Machines (TVM)
 - Stand-alone validators
- Proprietary and not easily expandable



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Current Fare Media





- Cash
- Paper receipt
- Magnetic-stripe paper passes
- Smartcard Platinum pass
 - · Limited to employers and universities
 - No stored value



Goals for New Fare Collection System VALLEY METRO





- Improved fare media control and functionality
- Flexible and expandable
- Introduce innovative fare collection features
- Eliminate paper passes
- Minimize reduced fare abuse
- Minimize use of cash

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New Fare Technology





- Account Based System
 - Mobile ticketing on smartphones
 - Stored value reloadable smartcards
 - Fare capping
 - Open payments capable
- Open Architecture
 - Gives full agency control
 - Enables integrations without restrictions



New Fare Channels

- Flexible Ticket Vending Machines (TVM)
 - Full-Featured cash
 - Express cashless
- Validators for smartcards and mobile tickets
 - · Can validate smartcards and barcodes
- Comprehensive Website portals
 - · Public website for account management
 - · Institutional for account administration





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Retail Services RFP





- Introduce third party retail network
 - Utilize existing "gift card" model to sell and reload smartcards similar to Starbucks, Amazon, iTunes, etc.
 - Retailers include grocery stores, convenience stores, drug stores, etc.
- Increase and improve options for customers
 - Increase quantity and types of stores that sell fares
 - Transit card can be reloaded in same "checkout lane" as groceries or gas
 - Include Title VI requirements to focus on Title VI areas

Implementation





	Procurements					
	Phoenix FCS	VM Retail				
	→ Mobile ticketing					
Phase 1	→ Validators					
	→ Back office					
	→ Smartcards	→ Distribution network				
Phase 2	→ TVMs	→ Card stock				
	→ Websites	→ Customer service				
Phase 3	→ Fareboxes					

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Project Schedule Preliminary Timeline for New Fare Collection System Implementation (to be updated based on schedule of selected Vendor) 2022 2020 Fare Collection System (Phases 1 and Award Recommendation Notice to Proceed Design Reviews Manufacturing Testing & Installation Phase 1 Launch (Mobile and Phase 2 Launch (Smartcard and TVMs) Agency Critical Path Business Rules Development Branding/Design Fare Media Reduced Fare Readiness (Application Intake Locations, Database Readiness, etc.) Order Media Begin Reduced Fare Smartcard Issuance

Reduced Fare Background



Reduced Fares





- Reduced fare usage has risen as overall ridership decreases
- Enforcement at the point of use is a challenge
- Limited control at the point of sale
 - Began requiring ID in January 2019
- Misuse reduces revenue, increases costs, and ultimately impacts legitimate reduced fare customers

Reduced Fare Requirements





Category	Federal	Valley Metro
Disabled	off-peak	√
Medicare Cardholder	off-peak	√
Seniors 65+	off-peak	√
Youth 6-18		✓

^{*} Federal law only requires off-peak one-way fares for Seniors/Disabled at 50% discount, but many agencies including VM offer much more

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Fare Media Available





Category	Full	Reduced
Cash	✓	✓
All-day pass	✓	✓
7-day pass	✓	✓
15-day pass	✓	✓
31-day pass	√	✓

Peer Reduced Fares Offered





						KAIL
City (Senior Age)	Cash Fare	Day Pass	7-Day Pass	15-Day Pass	30 Day / Monthly Pass	Notes
Phoenix (65+)	All Day 50%	Yes 50%	Yes 50%	Yes 50%	Yes 50%	Phoenix offers more discounts than peers
Salt Lake City (65+)	All Day 50%	Yes No Discount	No	No	Yes ~50%	
Denver* (65+)	All Day 50%	Yes 50%	No	No	Yes 50%	Offers a 10-Ride Product
Dallas (65+)	All Day 50%	Yes 50%	No	No	Yes 50%	Offers AM/PM passes (1/2 day) with 50% discount, and Midday pass at no discount
Portland* (65+)	All Day 50%	Yes 50%	No	No	Yes 72%	Day and Monthly passes earned through fare capping
San Diego (65+)	All Day 50%	Yes 50%	No	No	Yes 68%	Reflects fare change for Summer 2019, senior age increased from 60 to 65
Seattle (65+)	All Day 64%	Yes 50%	No	No	Yes 50%	Not all agencies offer a monthly pass in the Seattle region.

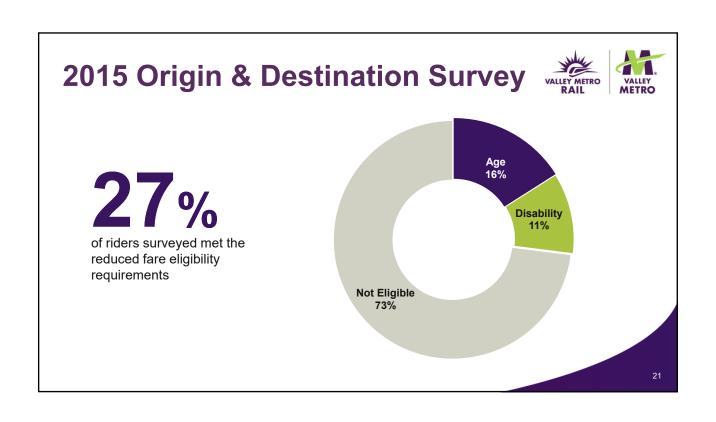
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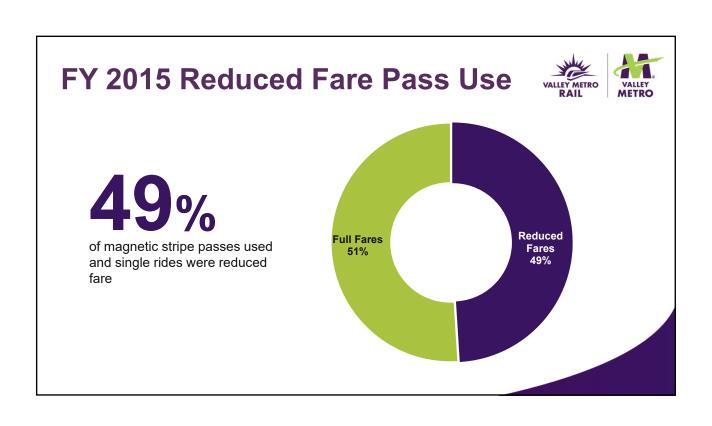
Peer Retail Coverage

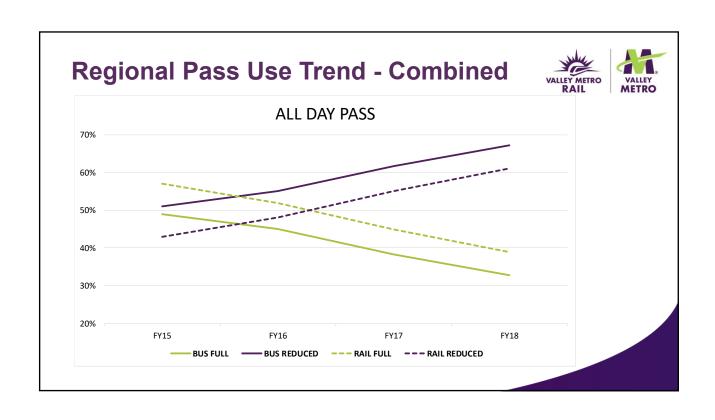


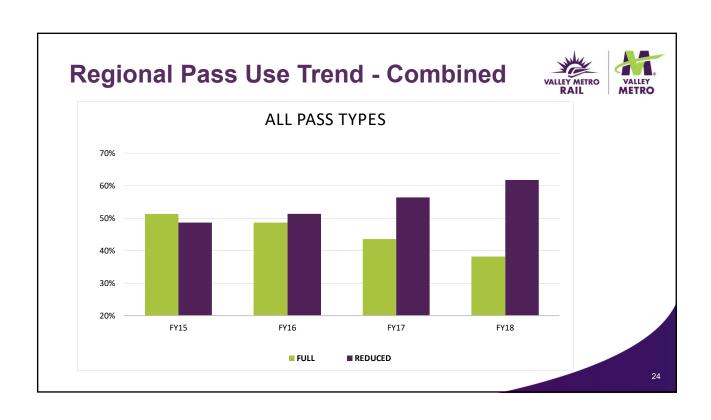


	Fare Program	Service Area (square miles)	Population	Number of Retail Outlets	Outlets per Sq Mile	Largest Retail Outlets (by sales)
Phoenix	TBD	680	2,237,464	666	0.98	Circle K, Fry's, 7- Eleven
Salt Lake City	UTA FAREPAY	737	1,883,504	262	0.36	7-Eleven, Maverik (Convenience Store)
Denver	MyRide	2,342	2,920,000	133	0.06	King Scoopers (Kroger), Safeway
Dallas	GoPass	698	2,380,530	200	0.29	7-Eleven
Portland	Hop Fastpass	676	1,951,414	500	0.74	Fred Meyer (Kroger), Safeway
San Diego	Compass (Legacy)	720	2,462,707	56	0.08	Albertsons, Vons
Seattle	ORCA (Legacy)	6,875	4,133,460	141	0.02	QFC, Safeway









Reduced Fare Solutions





Potential Interim Solutions





Prior to the New Fare System, several actions can be taken to help minimize reduced fare fraud

- A. Enforce Eligibility check at Point of Sale
- B. Introduce Reduced Fare ID Smartcard
- C. Eliminate Substance Abuse Support Programs
- D. Limit availability through TVM / Fareboxes
- E. Decrease Availability through Retail Outlets
- F. Enforcement at Point of Use
- G. Reduce Number of Reduced Fare Products

Potential Interim Solutions





- A. Enforce Eligibility check at Point of Sale
 - Retail agreement requires ID check
 - o Retailers who don't agree will be removed
 - o "Secret Shoppers" to check retail outlets
- B. Introduce Reduced Fare ID Smartcard
 - o Currently offer a voluntary Photo ID
 - Future Smartcard Photo ID can be issued after vendor is selected
 - Can leverage existing reduced fare database to produce new smartcard ID

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Potential Interim Solutions





- C. Eliminate Substance Abuse Support Programs
 - Highly abused program
 - o Limited ability to enforce validity
- D. Limit availability through TVM / Fareboxes
 - Limit number that can be purchased at one time or consecutively
 - Activate on purchase at TVM (cannot save for future use)
 - o Eliminate sale of multi-day reduced fares from TVM
 - o Eliminate sale of reduced fare day pass on board

Potential Interim Solutions





- E. Decrease Availability through Retail Outlets
 - Limit number that can be purchased at one time
 - o Reduce number of retail outlets
 - Eliminate sale of reduced fare media altogether
 - Limit number/percentage of reduced fare passes that can be ordered by certain retail outlets
- F. Enforcement at Point of Use
 - Requires participation of law enforcement
 - Fare sweeps on buses and trains
 - o Prosecution of fare evaders and reduced fare abusers
 - o Introduce city ordinances

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Potential Interim Solutions





- G. Reduce Number of Reduced Fare Products
 - Federal law only requires off-peak one-way fares for Seniors/Disabled at 50% discount
 - o Eliminate youth eligibility
 - Offer cash reduced fare in off-peak times only
 - o Eliminate other reduced fare passes
 - Elimination of any products requires Title VI analysis

Evaluating Interim Solutions





- Cost to implement
 - Financial and time cost
 - · Changes to existing fare system or operational procedure
- Effectiveness on Reduced Fare Fraud
 - · Helps reduce or mitigate reduced fare misuse
- Customer inconvenience
 - Requires some customers to alter their behavior
- Title VI Analysis
 - Requires analysis of impacts to low income/minority populations
- Consistent with future system
 - Action will seamlessly transition into new system

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Evaluating Interim Solutions





A. Enforce Eligibility check at Point of Sale B. Introduce Reduced Fare ID Smartcard C. Eliminate Substance Abuse Support Programs D. Limit availability through TVM / Fareboxes E. Decrease Availability through Retail Outlets F. Enforcement at Point of Use G. Reduce Number of Reduced Fare Products Inconvenience Title VI Future System O O O O O O O O O O O O O			_			
Check at Point of Sale B. Introduce Reduced Fare ID Smartcard C. Eliminate Substance Abuse Support Programs D. Limit availability through TVM / Fareboxes E. Decrease Availability through Retail Outlets F. Enforcement at Point of Use G. Reduce Number of		Cost	Effectiveness	Inconvenience	Title VI	Future System
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Recommended Solutions





- A. Enforce Eligibility check at Point of Sale

 Remove those who will not enforce
- B. Introduce Reduced Fare ID Smartcard

 Begin after future vendor selected
- C. Eliminate Substance Abuse Support Programs
- D. Limit availability through TVM / Fareboxes□ Start with activate upon purchase
- E. Decrease Availability through Retail OutletsStart by limiting number of passes sold per person