Fare Rate Analysis

Agenda Item 10.a.

GOVERNANCE OF FARE RATES

- Utah Public Transit District Act and Board of Trustees Fares Policy 4.1
  - Empower the Board to evaluate and establish base fare rates
  - Require the Board to consult with the Local Advisory Council to set fares
- UTA Fares policy No. UTA.02.03 requires:
  - Adjustments to fares be analyzed every two years
  - Any proposed fare adjustment be presented by the Executive Director to the Board of Trustees for approval.

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GOVERNANCE OF FARE RATES

- Fare rates currently set by resolution R2024-08-01-Adopting the Fare Rates and Types of Fare Media
- The resolution, which was effective on change day, August 18, 2024
  - Eliminated the FAREPAY 20% discount
  - Implemented regular fare on UVX
  - Increased Reduced Fare eligibility
  - Added FAREPAY cap rates

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DISCUSSION TOPICS

I. Fare Rate Adjustment Analysis
   I. Elements of UTA Fare Rates
   II. Peer Agencies Comparison Group
      I. Fare Box Recovery
      II. Subsidy per Rider
      III. Key Findings

II. Fare Change Recommendation
   I. Fares Policy Requirements
   II. Peer Fares: Fixed Route Bus, Light Rail, Commuter Rail
   III. Ridership
   IV. Fare Elasticity
   V. Scenarios
   VI. Recommendation

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Fare Rate Adjustment Analysis

Section 1

BASE FARE RATE

Local Bus, TRAX, BRT & Streetcar	Adult	Reduced Fare
One-way	$2.50	$1.25
Day	$5.00	None
Monthly	$85.00	$42.50
Express Bus, Ski	**Adult**	**Reduced Fare**
One-way	$5.00	$2.50
Monthly	$170.00	$85.00
FrontRunner	**Adult**	**Reduced Fare**
One-way	$2.50	$1.25
Additional Stops*	$0.60	$0.30
Roundtrip	$5.00	$2.50
Additional Stops*	$1.20	$0.60
Day	**$10.00	--

**Vineyard and North Temple stops are $0.00 fare*
***Only available on the UTA FAREPAY card*

Base Fare rates have been in effect since April 2013

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PEER AGENCIES

CITY	STATE	SHORT NAME	AGENCY NAME
Cleveland	OH	GCRTA	Greater Cleveland Regional Transit Authority
Dallas	TX	DART	Dallas Area Rapid Transit Authority
Denver	CO	RTD	Regional Transportation District
Phoenix	AZ	VM	Valley Metro
Pittsburg	PA	PRT	Port Authority Allegheny Co. (Pittsburg Regional Transit)
Portland	OR	TriMet	Tri-County Metropolitan Transportation District of Oregon
San Diego	CA	MTS	San Diego Metropolitan Transit System
San Jose	CA	VTA	Santa Clara Valley Transportation Authority
Seattle	WA	Metro	King County Department of Transportation

Source: Peer Agencies group of nine cities as listed in the UTA 2023 Annual Comprehensive Financial Report

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FAREBOX RECOVERY

- Farebox recovery, also known as the fare recovery ratio, is a metric that quantifies how much of a transit system's operating expenses are covered by passenger fares. It's calculated by dividing the total passenger fare revenue by the total operating expenses.

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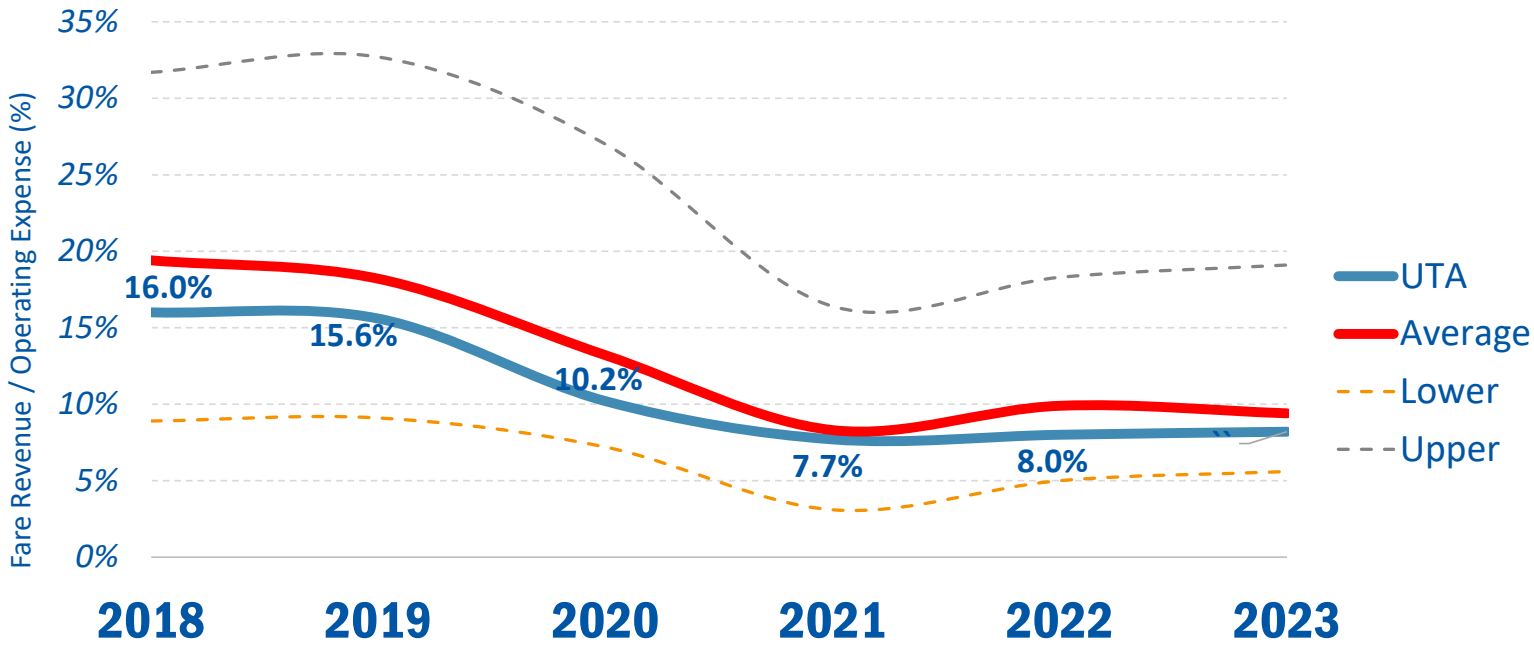
FAREBOX RECOVERY – PEER COMPARISON



Source: National Transit Database 2018-2023, Peer Agencies group of ten cities as listed in the UTA 2023 Annual Comprehensive Financial Report.

Definitions: Average is the annual farebox recovery ratio for all Peer Agencies. Upper is the highest farebox recovery ratio for a given year. Lower is the lowest farebox recovery ratio for a given year.

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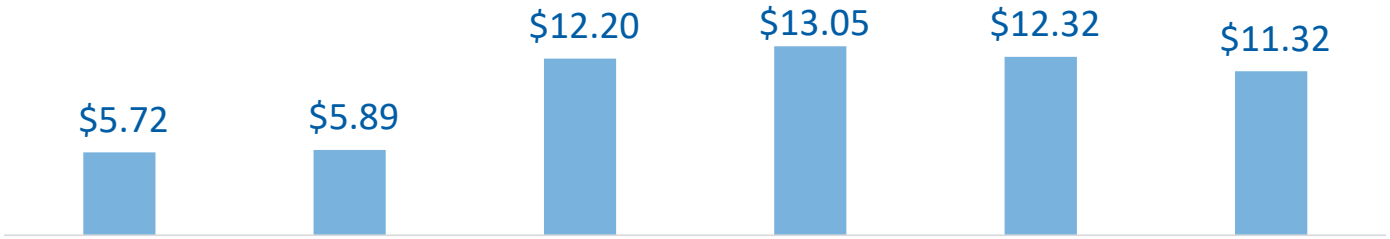
SUBSIDY PER RIDER

- A subsidy per rider refers to the amount of operational expense allocated to an individual rider less the cost of their transit fare. It also represents the other sources of revenue (sales and use tax, Federal preventative maintenance, advertising, investment income, and other revenue) beyond amount collected from fares.



	2018	2019	2020	2021	2022	2023
Operating Expense	$301.0	$311.0	$319.9	$338.8	$421.1	$432.2
Fare Revenue	48.1	48.5	32.5	26.0	33.5	35.4
Ridership	44.2	44.6	23.6	24.0	31.5	35.1

(Amounts in millions)

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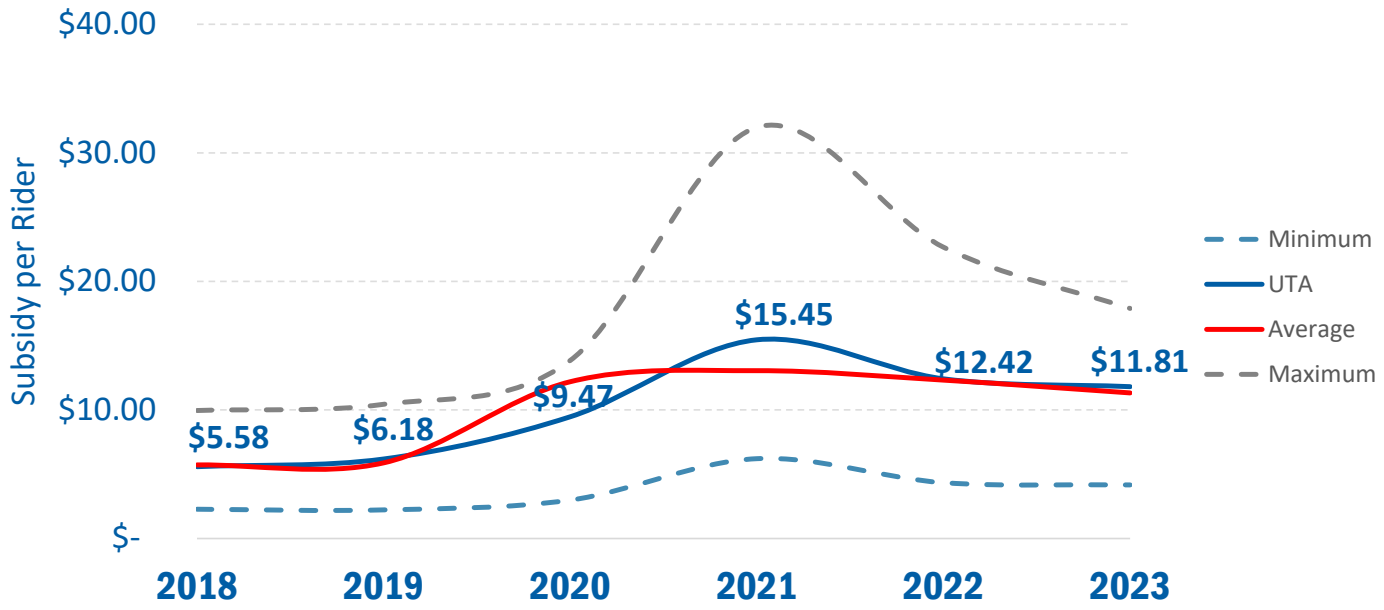
UTA SUBSIDY PER RIDER – PEER AVERAGES



Source: National Transit Database 2018-2023, Peer Agencies group of ten cities as listed in the UTA 2023 Annual Comprehensive Financial Report.

Definitions: Average is the annual subsidy per rider for all Peer Agencies. Upper is the highest subsidy per rider ratio for a given year. Lower is the lowest subsidy per rider for a given year.

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KEY FINDINGS

- All transit agency operators experienced significant drop in Fare Revenue post COVID-19 (2019)
- Farebox recovery ratios have not recovered to pre-COVID-19 levels
- Subsidy per rider has increased since COVID-19 period

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Proposed Fare Adjustment Discussion

Section 2

Required Fare Change Proposal Elements

- Proposed fare adjustment
- Updated pricing structure
- Fare elasticity
- Financial analysis of adjustments
- Comparison of peer agencies and other transit mode pricing
- Recommendation to the Board of Trustees

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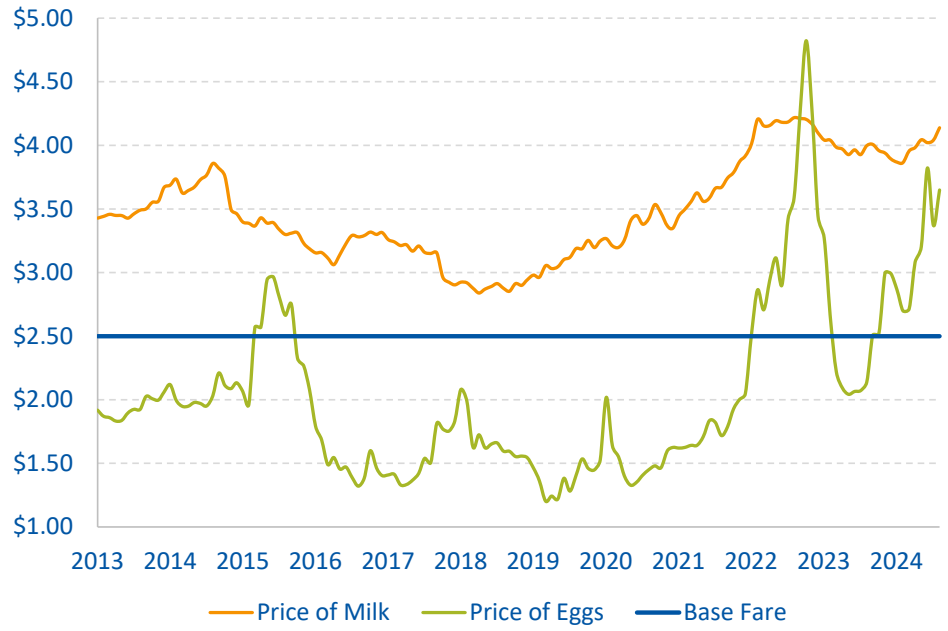
PRICE OF GOODS

2013
Eggs - $1.92
Milk - $3.42
UTA Base Fare - $2.50



2024
Eggs - $3.65
Milk - $4.14
UTA Base Fare - $2.50

Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis December 1, 2024, Average Price: Milk, Fresh, Whole, Fortified (Cost per Gallon/3.8 Liters) in U.S. City Average, U.S. Dollars, Monthly, Not Seasonally Adjusted, Average Price: Eggs, Grade A, Large (Cost per Dozen) in U.S. City Average, U.S. Dollars, Monthly, Not Seasonally Adjusted, Utah Transit Authority Base Fare rate since April 1, 2013.

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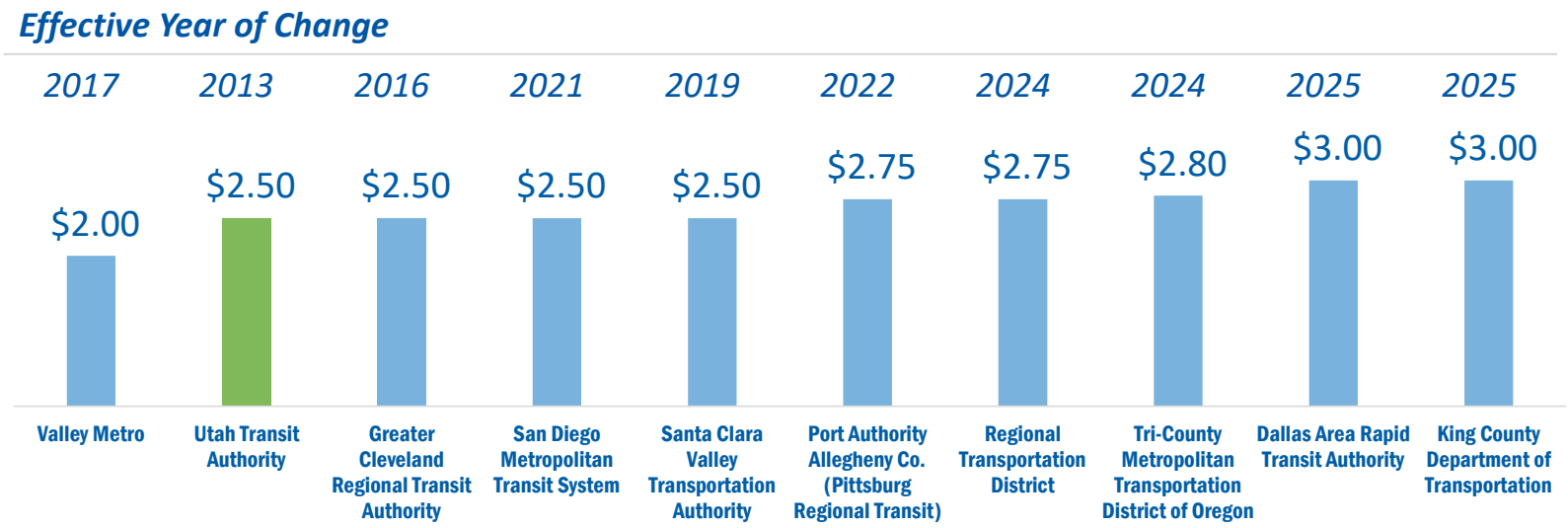
FIXED ROUTE BUS



Description: Bus vehicles operating on a fixed route and schedule over roadways

UTA Modes: Regular, UTA Rapid (UVX, OGX)

Source: Published base fares on transit agencies' website as of December 22, 2025

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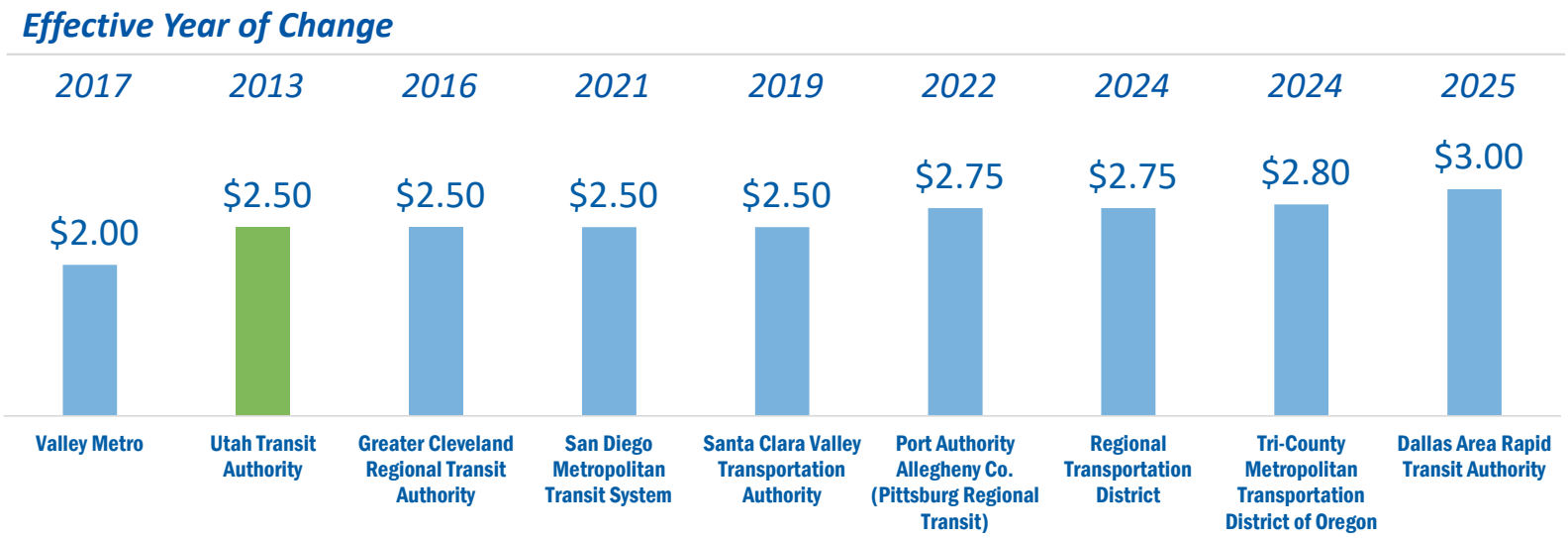
LIGHT RAIL



Description: A type of electric rail transit system that uses lighter cars compared to heavy rail cars on a fixed guide way

UTA Modes: TRAX, Streetcar

Source: Published base fares on transit agencies' website as of December 22, 2025

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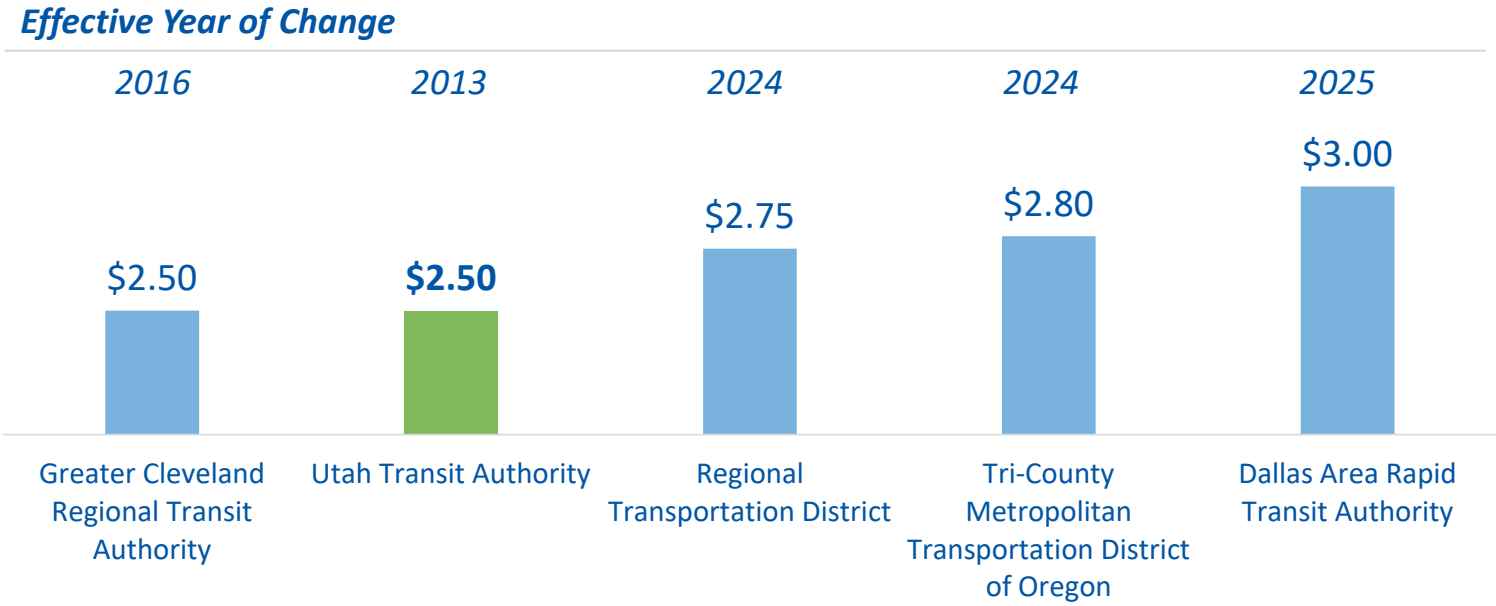
COMMUTER RAIL



Description: A regional railroad passenger service

UTA Modes: FrontRunner

Source: Published base fares on transit agencies' website as of December 22, 2025

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Elasticity Approaches

- **Simpson-Curtin Rule**: A simple elasticity rule: 3% fare hike -> 1% ridership drop (elasticity of -0.33)
  - 1968 paper authored by John Curtin (of Simpson & Curtain)
  - Data collected from 1940s-1960s
- **Pham and Linsalata**
  - American Public Transportation Association, and widely used for transit planning and modeling in North America
  - 1991 paper, data measured in 1980s; 52 U.S. transit systems (bus)
  - Elasticity impacts between “peak” and “off-peak” riders
- **Todd Litman, Victoria Transport Policy Institute**
  - 2004 paper, explores elasticities and cross elasticity across modes, income and access to alternatives

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FARE ELASTICITY

- Fare Elasticity measures how sensitive the demand and supply of a public transit is to changes in fare price.
  - **Fare price Elastic** is defined when fare price changes greatly affect the supply or demand of transit services.
  - **Fare Price Inelastic** is defined when fare price changes have a minimal effect on supply and demand of transit services.

	Simpson-Curtain	Pham and Linsalata, 1991	Litman, 2004 Bus/LRV	Litman, 2004 Commuter Rail
Off-Peak	-0.33	-0.18	-0.46	-0.46
Peak	-0.33	-0.39	-0.30	-0.10

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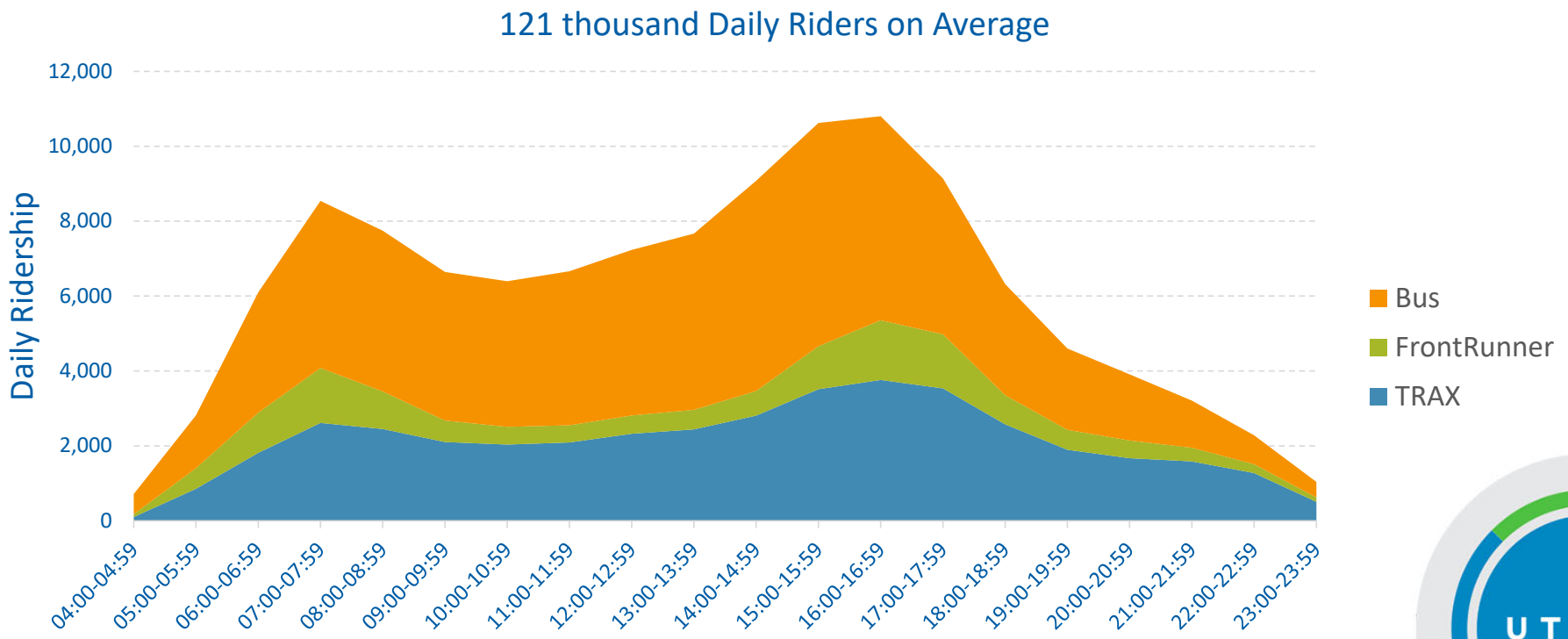
DAILY AVERAGE RIDERSHIP - WEEKDAY



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FARE PRICE REVENUE IMPACT

	$2.50 Base Revenue	$3.00 (20% increase)
Public Fare (No Adjustment)	$15,359,609	$3,071,922
Elasticity Adjustment	$0	($374,144)
Public Fare (Elasticity Adjustment)	$15,359,609	+$2,697,778
Institutional Contracts	$16,400,036	+$3,280,007
Total Fare Revenue (with Elasticity Adj)	**$31,759,645**	**+$5,997,785**

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Proposed Timeline

Month/Day	Task
January 14	Board of Trustees and Executive Director discussion on Fare recommendation
February 18	Consultation on Fares with Local Advisory Council
February 19 – February 28	Mitigation Plan for Preliminary Title VI Analysis
March 25	Board of Trustees Discussion
April 12 – May 15	Public Input Period
May 15 - June 5	Create Public Input Report
June 24	Board of Trustees, Title VI Report, Public Input Report, Fare Resolution
July – November	Communications Outreach to Public on Fare change
December	Winter Change Day – Effect Fare change

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