

costs, associated with fare collection. *Thus, implementing fare collection, would result in a net loss in the \$0.50 to \$1.00 scenarios and would produce a modest net increase in revenue in the \$1.25 fare scenario.*

SUMMARY, CONCLUSIONS, AND NEXT STEPS

This chapter has attempted to answer the question, “What will implementing fares cost from a capital and operating perspective, and how much revenue can CVTD expect to gain?”

A summary of the costs, ridership projections, and revenue gains is presented in Figure 10-14. The required capital investments are estimated at \$712,000 on the low end and \$1.1 million at the high end, and include equipping the entire fixed-route and Call-A-Ride fleets with fareboxes and purchasing supporting equipment and facilities. No federal funding is assumed to help cover the cost of capital equipment, given uncertainty with the pending reauthorization of the Federal transportation bill.

Operating costs to support a fare structure are estimated at approximately \$504,000 per year. This includes the estimated annual cost for the additional boarding time at \$241,000.

Ridership and farebox revenues were projected for each fare scenario. With a nominal \$0.50 fixed route fare and \$1.00 Call-A-Ride fare, the net revenue *loss* has been estimated at just under (\$247,000). If fixed route fares were set at \$1.00 and \$1.25 and Call-A-Ride fares slightly higher, then CVTD is projected to experience a net annual revenue *loss* of (\$26,000) and a net revenue *gain* of \$43,000, respectively. At this fare level, fixed-route farebox revenues are expected to cover between 7% and 14% of total operating costs. This analysis concludes that, given the estimated net revenue loss with a \$0.50 and \$1.00 fare and the minimal revenue gain with a \$1.25 fare, introducing a fare at this time is not recommended.

This fare analysis chapter addresses in further detail our recommendation that CVTD not change its fare policy, for the following reasons:

1. The expense of collecting the fare is generally greater than the revenue generated from the fare.
2. Charging a fare causes significant ridership loss.
3. Collecting a fare causes scheduled travel times to be lengthened because of the additional time needed for passengers to deposit the fare.
4. Charging a fare makes it more difficult for CVTD to meet its mission of reducing the dependency on the automobile and supporting efforts to improve air quality, by reducing ridership.
5. Collecting fares creates real and perceived barriers to using public transit, known as “Hassle Factors.”
6. Charging a fare makes it more difficult for CVTD to meet the Envision Cache Valley principle to “Provide a balanced transportation with enhanced public transportation options” by reducing ridership.

When demographic and economic conditions are such that charging a fare does not negatively affect these key objectives, CVTD should consider implementing a fare. In considering a fare CVTD will need to address the following key questions:

- What is our primary objective in establishing a fare?

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- What should the District’s farebox recovery goal be? That is, what percentage of the District’s operating costs should be covered by farebox revenues?
- Who are our key markets and what fare discounts should we offer to attract and maintain them?
- What type of fare instruments should we offer, given our ridership base?

With these key policy questions answered, the District will be better positioned to decide a course of action regarding fares when this issue is revisited at a future date.

Figure 10-14 Summary of Ridership, Collection Costs, and Projected Farebox Revenue

Fare Scenarios	Low	Mid	High
Fixed Route Fare Structure	\$0.50	\$1.00	\$1.25
Call-A-Ride Fare Structure	\$1.00	\$1.25	\$1.50
Farebox Revenue Projections			
Fixed Route Service	\$252,556	\$470,036	\$534,929
Call-A-Ride Service	\$5,147	\$7,799	\$11,323
Total Farebox Revenues	\$257,704	\$477,834	\$546,252
Annual Fare Collection Costs			
Fare Collection Costs	\$504,245	\$503,776	\$503,213
Projected Farebox Recovery Ratio			
Fixed Route Service	7%	12%	14%
Call-A-Ride Service	1%	1%	2%
Fare Collection Net Gain/Loss	(\$246,542)	(\$25,942)	\$43,038