Regional Zero-Fare Study

Final Report

January 2023

NELSON NYGAARD

WASATCH FRONT REGIONAL COUNCIL

UTA

MAG
Expert Resources. Enriching Lives.

UDOT
Keeping Utah Moving

EXECUTIVE SUMMARY

In the Wasatch Front Region, zero-fare transit has been the focus of recent conversations locally, regionally, and at the state level.

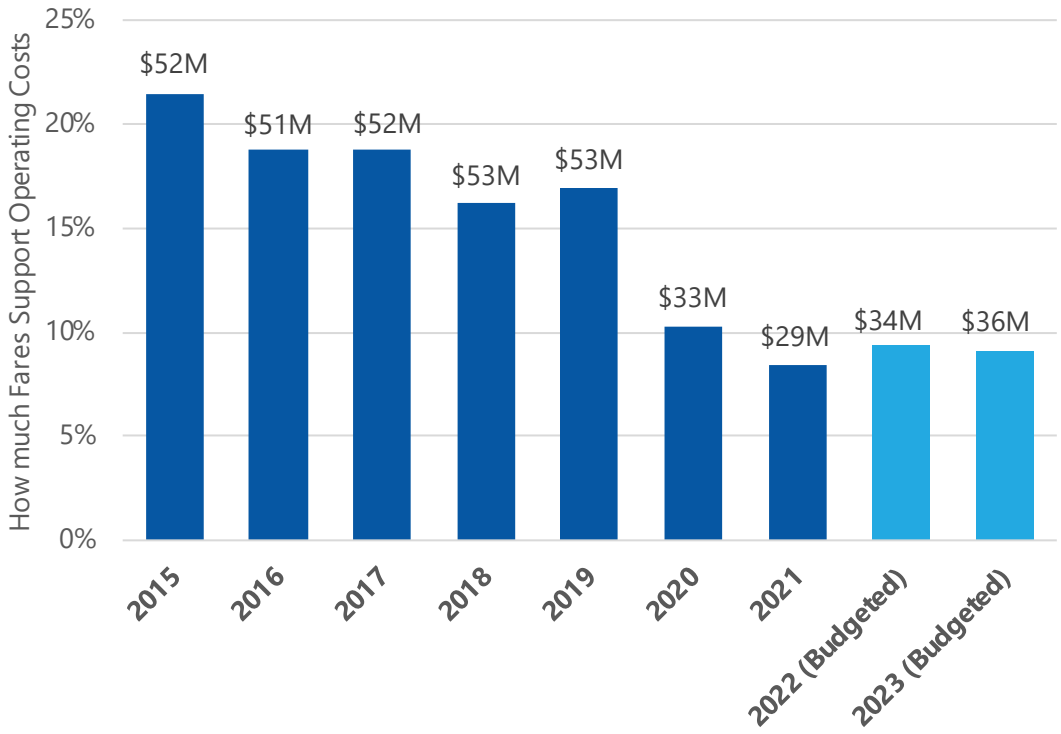
The purpose of this report was to evaluate the financial, operational, and community-related tradeoffs of the four alternatives, including zero-fare, partial zero-fare, and other fare structure alternatives. This report does not make specific recommendations but is intended to provide the necessary information for decision makers to make an informed policy decision regarding zero-fare transit.

Existing Fare Revenue

Before evaluating the impacts of different fare options, it is important to understand the existing performance of the system. From a financial perspective, total farebox revenue and farebox recovery (the percentage of operating costs covered by fares) have been decreasing for UTA in recent years. Since the height of COVID-related impacts in 2020 and 2021, revenues have been climbing again. In 2023, the agency currently projects $36 million in fare revenue, covering 9% of operating costs, compared to $52 million and 21% in 2015 (Figure 1).

In 2019, about half of fare revenue was generated from partnerships with local universities and employers. This evaluation takes a conservative approach and assumes that these revenues would no longer be collected in a zero-fare scenario. However, there is an opportunity to continue pursuing funding partnerships with these organizations to continue generating additional revenue.

Figure 1 How Much Fares Support Operating Costs and Total Fare Revenue (2015-2023)



Engagement Summary

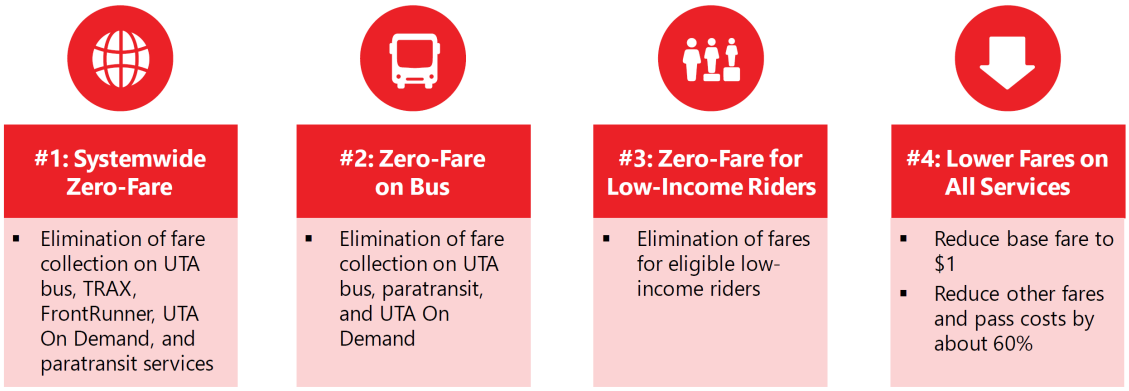
WFRC, UTA, MAG and UDOT engaged with stakeholders during the study process to solicit their feedback regarding transit-related priorities and policy considerations. Input gathered from these stakeholder engagement efforts helped to inform the study team's work in providing a data-informed, community-supported spectrum of options for decision makers to consider.

The goal of the study team's stakeholder engagement efforts was to solicit robust input through meaningful engagement of key stakeholders, encouraging active participation from marginalized and underrepresented groups. The team interviewed a dozen stakeholders, facilitated meetings with citizen advisory committees at UTA and WFRC, made presentations to state and local elected officials, coordinated messaging and public relations efforts with the respective agencies' communications teams, developed digital and print materials for public dissemination, and advised on legislative strategy.

Evaluation Summary

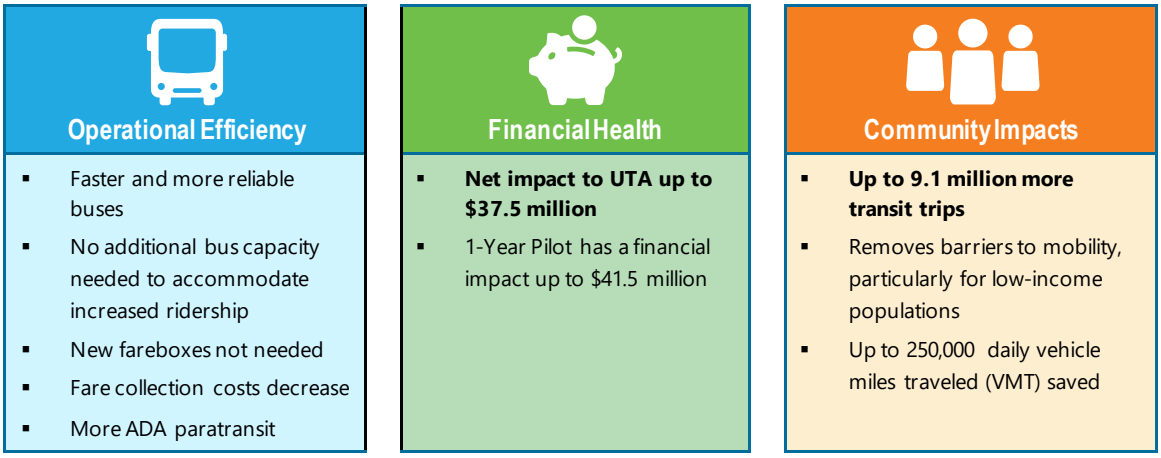
This evaluation examines four different fare scenarios that UTA could pilot or implement permanently (Figure 2). These scenarios are summarized below:

Figure 2 Fare Scenarios



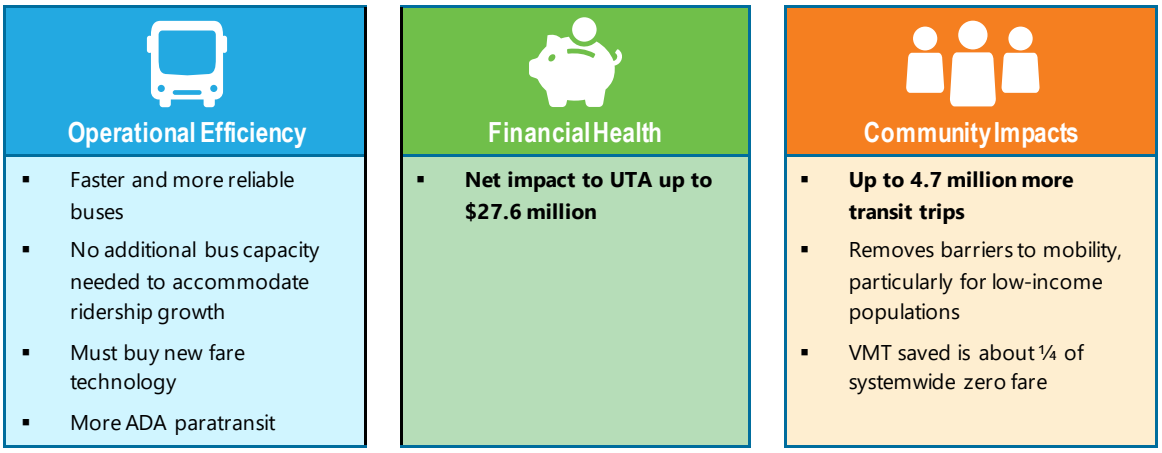
If fares are reduced on some or all services, ridership is anticipated to increase. Additionally, net operating costs are also anticipated to increase as a result of foregone farebox revenue and growth in paratransit service requirements associated with increased ridership. A summary of these evaluation results is shown below in Figure 3 through Figure 6.

Figure 3 Systemwide Zero Fare Impacts Summary for 2023



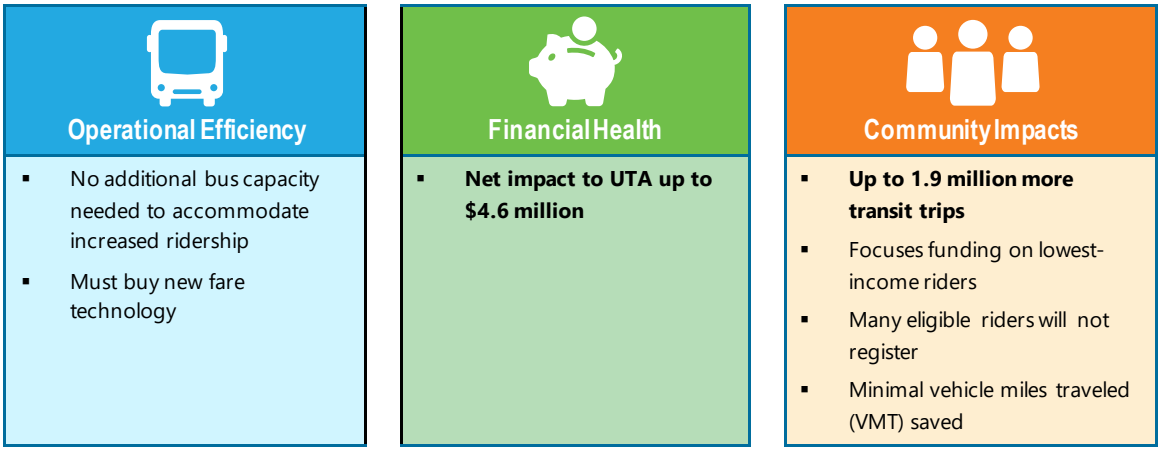
Although systemwide zero-fare service is the most expensive in terms of total dollars, the ridership increase is also projected to be the highest. Systemwide zero-fare addresses fare-based equity concerns. It also has the greatest potential impacts on reducing traffic levels and associated greenhouse gas emissions. **Systemwide zero-fare service has the potential to reduce the equivalent of 1/3 of a lane of traffic on I-15 during peak times at Point of the Mountain.**

Figure 4 Zero Fare on Bus Impacts Summary for 2023



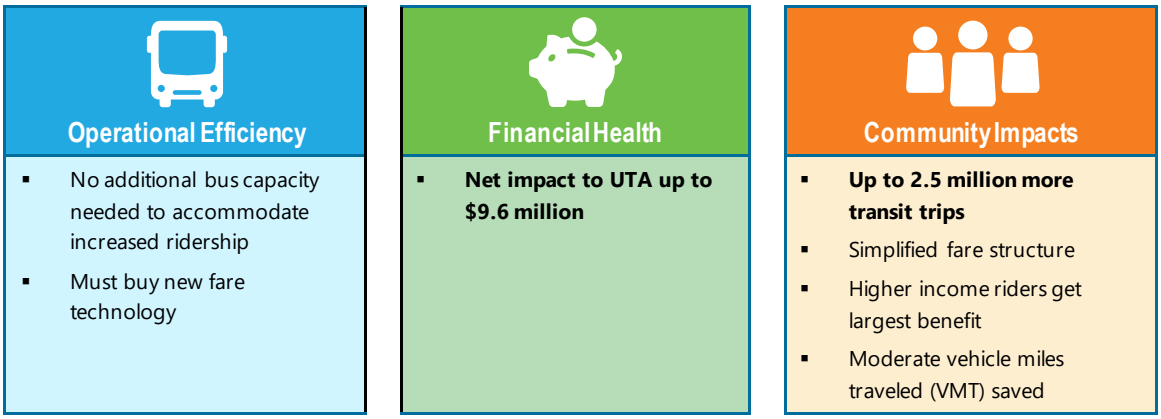
Zero-fare on buses also greatly increases ridership but is less impactful than systemwide zero-fare. This option could improve equity outcomes for lower-income riders because low-income riders have been shown to ride the bus at higher rates than other income groups. Higher regional based fares on FrontRunner would continue to be a barrier for low-income riders. Regional traffic levels are unlikely to significantly be affected by zero-fare on buses.

Figure 5 Zero-Fare for Low-Income Riders Impacts Summary for 2023



Providing free fares for all low-income riders would not increase ridership by as much as the other fare options but would provide a zero-fare option for the individuals that would receive the most benefit from saving money on transportation. However, the documentation requirements in order to receive that free fare may be a barrier to some qualifying riders. A simple opt-in system eligibility system would maximize utilization of this benefit.

Figure 6 Lower Fares ($1) for All Services Impacts Summary for 2023



A $1 flat fare would increase ridership by nearly 10%. It would most benefit riders who use FrontRunner, because the graduated, distance-based fares would be eliminated. Reducing fares to a flat amount modestly improves ridership with modest cost increases.