

## Policies and Procedures

No. 28

**SUBJECT:**

**Board Approval:** 3/11/04

FARE SETTING

**PURPOSE:**

To establish guidelines for setting a uniform, fair, and equitable areawide fare structure consistent with revenue-producing requirements.

**BACKGROUND:**

Since 1977, the MTS Board of Directors has adopted various resolutions related to fare pricing and fare structure development. In addition, the Board annually adopts Transit Development Objectives that include specific fare-related goals for the next year. These resolutions and objectives have guided the development of area fare structures and pricing since 1981. It is desirable to have a single, concise policy statement to guide fare structure and pricing development.

Further, there are provisions of state law (Public Utilities Codes § 99261.5 and § 99282.5) that require certain actions regarding a uniform fare policy.

**POLICY:**

- 28.1 A unified, single areawide fare structure and transfer system shall be maintained for all publicly subsidized operators.
  - 28.1.1 All publicly supported transit operators shall participate in the system to be eligible for public subsidy.
  - 28.1.2 Fare levels shall be uniform for similar types of service.
  - 28.1.3 All publicly supported transit operators shall use and accept regional fare media.
  - 28.1.4 Transfers between all routes shall be facilitated with the cost of such transfer being related to any difference between the type of service and respective fare levels.



- 28.2 A fare-pricing schedule shall be set that expects to meet or exceed specified farebox-recovery requirements.
  - 28.2.1 The Board shall adopt a specific areawide farebox recovery ratio objective for each fiscal year consistent with the requirements of Policy No. 17.
  - 28.2.2 The annual average fare (per passenger) should generally increase to reflect annual increases in areawide operating cost indicators not to exceed the rate of inflation.
  - 28.2.3 Fare structure and/or pricing revisions should be oriented toward producing increases in fare revenue.
  - 28.2.4 User-side subsidies (i.e., from social service agencies, etc.), joint development of property, and direct contributions should be encouraged as sources of operating revenue.
- 28.3 The fare-pricing structure shall be set at levels equitable to the majority of patrons.
  - 28.3.1 Fare levels should generally increase in line with the distance traveled.
  - 28.3.2 Areawide fare discounts should generally be limited to elderly and handicapped patrons and prepaid fare programs; local service operators may establish other discount programs, unique to their systems, based upon special circumstances.
- 28.4 The fare structure and transfer system should be simple and easy to understand for users.
  - 28.4.1 The number of fare, transfer, and pass options should be as few as reasonably possible.
  - 28.4.2 The pricing structure shall be based on equal or easily identifiable coin increments.
- 28.5 Inconveniences to the individual transit operator should be minimized.
  - 28.5.1 The time involved for fare collection aboard a transit vehicle should be as expeditious as possible.
  - 28.5.2 Vehicle driver/operator involvement in the fare collection process onboard the transit vehicle should be minimized.
  - 28.5.3 Prepaid fares (e.g., monthly passes and multiride tickets) should be encouraged to speed the patron-boarding process.
- 28.6 The fare structure, transfer system, and pricing levels should be reviewed on an annual basis coincident with the annual budget and plan update process.



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619/231-1466  
FAX 619/234-3407

- 28.7 A proposed fare increase shall include public notice and a public hearing by MTS on the proposed increase.

TFL:Paw/SChamp/JGarde  
POLICY.28.FARE SETTING  
7/14/06

Original Policy adopted on 8/22/85.  
Policy revised on 1/22/87.  
Policy revised on 3/11/04.



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.