

Memorandum



Metropolitan Transportation Authority

State of New York

Date: December 13, 2012
To: Members of the MTA Board
From: Joseph J. Lhota
Re: Fare and toll increase recommendation

On December 19th, the Board will vote on the 2013 Budget and 2013-16 Financial Plan, together with changes in fares and tolls that will go into effect on or about March 1, 2013. As we have discussed over the past several months, most recently at the November Board meeting, these fare and toll changes are an essential part of the MTA's Financial Plan. The toll and fare increases will raise an additional \$450 million in annualized revenue. This memorandum will include my recommendations for the fare and toll increases.

Over the past few weeks, we have conducted eight public hearings and four video sessions and have also received written comments from members of the public on the proposed fare and toll increases. You have already been provided with CD-ROMs containing the hearing transcripts and the e-mail comments. The final fare and toll proposal, which is summarized in the accompanying staff summaries and accompanying documents, addresses public comment while seeking to achieve the Financial Plan's goals set forth above. The NYCT and commuter rail fare increase will be addressed in one staff summary, and the toll increase on our bridges and tunnels will be addressed in a separate staff summary.

Transit Fares

Our public notice provided four different options for structuring the New York City fare increase – two options that increased the base fare, and two options that held the base fare at \$2.25. As I stated publicly on several occasions this fall, the intent behind presenting these options was to invite a public conversation about the base fare and whether existing discounts should be continued or reduced.

When the four different options were announced, advocates and other members of the public began to engage in a public debate about whether the increase should be across-the-board among all fare types and whether the increase can be structured in such a way as to minimize the impact upon the MTA's most economically disadvantaged customers. At the public hearings, customers asked us to minimize increases to the passes and maintain some level of bonus. They did not want to see another double-digit percentage increase in the 30-day pass.

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In an effort to balance these sometimes competing objectives with the MTA's financial needs, my recommendations are below and included in the attached chart and Staff Summary:

- Increase the base fare from \$2.25 to \$2.50;
- Preserve the bonus feature, but reduce to 5% from the current 7%;
- Lower the threshold bonus purchase from \$10.00 to \$5.00, which addresses concerns about the affordability of transit for our most economically disadvantaged customers, by making the discount available for the price of a single round trip.
- Increase the price of unlimited ride passes as follows: from \$104 to \$112 for the 30-day pass and from \$29 to \$30 for the 7-day pass.
- Implement the previously approved \$1 fee for new Metro-Card purchases in the system. By encouraging customers to refill their cards, this fee will realize an estimated \$20 million per year, both from savings from card production and new revenue from the fee. Because there is no fee for refills made in the system, nor for out-of-system purchases, this is a fee that no one needs to pay.

Railroad Fares

The attached Staff Summary implements the commuter rail fare changes as originally proposed, which are governed by the long-standing distance-based zone pricing framework. The Staff Summary also implements the recommended changes proposed to LIRR commuter rail discount policies, involving the acceptance of the family fare during the evening peak period and the establishment of a LIRR military active duty fare, which changes create symmetry with Metro-North fare policy.

Tolls

My recommendations are included on the attached chart. During the public comment period, we heard repeated requests to continue to recognize the geographic disadvantages faced by Staten Island residents and to make little or no change to the existing pricing of the Verrazano Bridge for residents using EZPass. The attached B & T toll staff summary prices the first two Staten Island resident EZPass round trips across the Verrazano Bridge at \$6.36, as originally proposed, and prices the third round trip and any subsequent round trips (as well as the two previous round trips) taken that month at \$6.00. Implementing this lower toll for Staten Island residents who make frequent use of the Verrazano Bridge will require the EZPass tolls at other MTA crossings to be a few cents more per trip; however, in all cases, the recommended EZPass discounts are greater than the discount that currently exists.

I look forward to discussing these recommendations with you.

Joseph Lhota

Recommendation for Fare/Toll Increases

Subway, Buses, SI Railway

Fare Type	Current	Recommendation
Base MetroCard Fare	\$2.25	\$2.50
Local Bus Cash Fare	\$2.25	\$2.50
Single Ride Ticket	\$2.50	\$2.75
Express Bus Fare	\$5.50	\$6.00
Bonus Value	7% with \$10 purchase	5% with \$5 purchase
<i>Base Fare with Bonus</i>	\$2.10	\$2.38
<i>Express Fare with Bonus</i>	\$5.14	\$5.71
30 Day Pass	\$104	\$112
<i>Break-Even point (trips)</i>	50	48
7 Day Pass	\$29	\$30
<i>Break-Even point (trips)</i>	14	13
7-Day Express Bus Pass	\$50	\$55
<i>Break-Even point (trips)</i>	10	10
New MetroCard Fee	Free	\$1.00
Access-a-Ride Fare	\$2.25	\$2.50

Bridges & Tunnels

Toll Category	Current	Recommendation
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EZPass Car Tolls Summary

Verrazano-Narrows Bridge (two-way collection)	\$9.60	\$10.66
<i>Resident Discount (2 trips or fewer per month)</i>	\$5.76	\$6.36
<i>Resident Discount (3 or more trips per month) ¹</i>	\$5.76	\$6.00
Robert F. Kennedy Bridge Bronx-Whitestone Bridge Throgs Neck Bridge Queens-Midtown Tunnel Hugh L. Carey Tunnel	\$4.80	\$5.33
Henry Hudson Bridge	\$2.20	\$2.44
Marine Parkway-Gil Hodges Bridge Cross Bay-Veterans Memorial Bridge	\$1.80	\$2.00
<i>Resident Discount</i>	\$1.19	\$1.31

Cash Car Tolls Summary

Verrazano-Narrows Bridge (two-way collection)	\$13.00	\$15.00
Robert F. Kennedy Bridge Bronx-Whitestone Bridge Throgs Neck Bridge Queens-Midtown Tunnel Hugh L. Carey Tunnel	\$6.50	\$7.50
Henry Hudson Bridge	\$4.00	\$5.00
Marine Parkway-Gil Hodges Bridge Cross Bay-Veterans Memorial Bridge	\$3.25	\$3.75

¹ In addition, \$0.36 is refunded from each of first two trips