



Joint Boards of Directors STUDY SESSION

Joint Study Session of
Valley Metro RPTA and Valley Metro Rail
Boards of Directors

Date:
October 16, 2025

Starting Time
11:15 a.m.

Location:
Valley Metro
Lake Powell Conference Room (10A)/Webex
101 N. 1st Avenue, 10th Floor
Phoenix

**If you require assistance accessing the meetings on the
10th floor, please go to the 14th floor or call 602.262.7433.**



Study Session Notice & Agenda

October 10, 2025

**Joint Study Session Agenda
Valley Metro RPTA and Valley Metro Rail
Thursday, October 16, 2025
Boardroom/You Tube
101 N. 1st Avenue, 10th Floor
11:15 a.m.**

Study sessions provide a less formal setting for the Boards of Directors to discuss specific topics, at length, with each other and Valley Metro staff members. Study sessions provide an opportunity for staff to receive input from the Boards and for the public to observe the discussions. Public comment will not be sought at this session. Staff may be directed to bring back matters to the Boards for future consideration, but no action will be taken at the Study Session.

At the request of the Boards of Directors, this study session will provide an overview of the Fare Study final report.

1. [Fare Study Overview of Final Report](#)

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. The agenda and supporting information and meeting stream information is available by accessing our web site at www.valleymetro.org.



Executive Summary

Study Session Item

DATE

October 10, 2025

Subject

Fare Study

COST AND BUDGET

This item is presented for information only. There are no costs associated with this update.

RECOMMENDATION

This item is presented for information only.

SUMMARY

The Valley Metro Joint Boards of Directors held a *Fare Policy and Fare Programs Review Study Session* in February 2023 during which the Boards were provided with an overview of 1) industry trends and transit fare alternatives for fare-free and discounted fare programs and 2) Valley Metro's existing fare policy and fare programs. The outcome of the Study Session was a directive to conduct a comprehensive fare study. Valley Metro, in collaboration with the City of Phoenix Public Transit Department, initiated the fare study in August 2023.

Given the timing of the fare study with the full launch of the Fare Collection System Modernization (FCSM) project in Fall 2024, the scope of the fare study was to review Valley Metro's fare policy, fare and pass structure, and pass programs and to identify fare strategy options for future consideration rather than near-term fare changes. The FCSM project will provide improved data to help make informed decisions regarding changes to Valley Metro's fare structure, pricing, and programs. As such, the fare study does not recommend changes to Valley Metro's fare structure, pricing, and programs. Instead, the results of the fare study as well as the Fare Administration Policy developed as part of the study provide guidance to Valley Metro as it considers fare changes in the future and as it continues the implementation of its new fare collection system.

STRATEGIC PLAN ALIGNMENT

Goal 1: Deliver excellent customer experience

- o Initiative 1.5 Continue to innovate, integrate, and market mobility solutions (e.g., microtransit, customized service offerings, mobility hubs) to expand transit availability and equity.

COMMITTEE PROCESS

Joint Boards Study Session: October 18, 2025 for information

**CONTACT**

Ken Kessler

Chief Financial Officer

kkessler@valleymetro.org

ATTACHMENT

VM Fare Study Presentation – PowerPoint

Fare Study

Overview of Final Report
Board Study Session | October 2025



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Agenda

- Fare Study Purpose and Overview
- Background Review and Peer Analysis
- Draft Fare Administration Policy
- Fare Strategies for Consideration
- Recap and Priority Discussion



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Study Purpose

- Objectives of the fare study
 - Review Valley Metro's fare policy, structure and programs
 - Identify fare strategy opportunities for consideration
 - Sustain and grow ridership
 - Reduce barriers to using transit by considering fare affordability
 - Establish Fare Administration Policy



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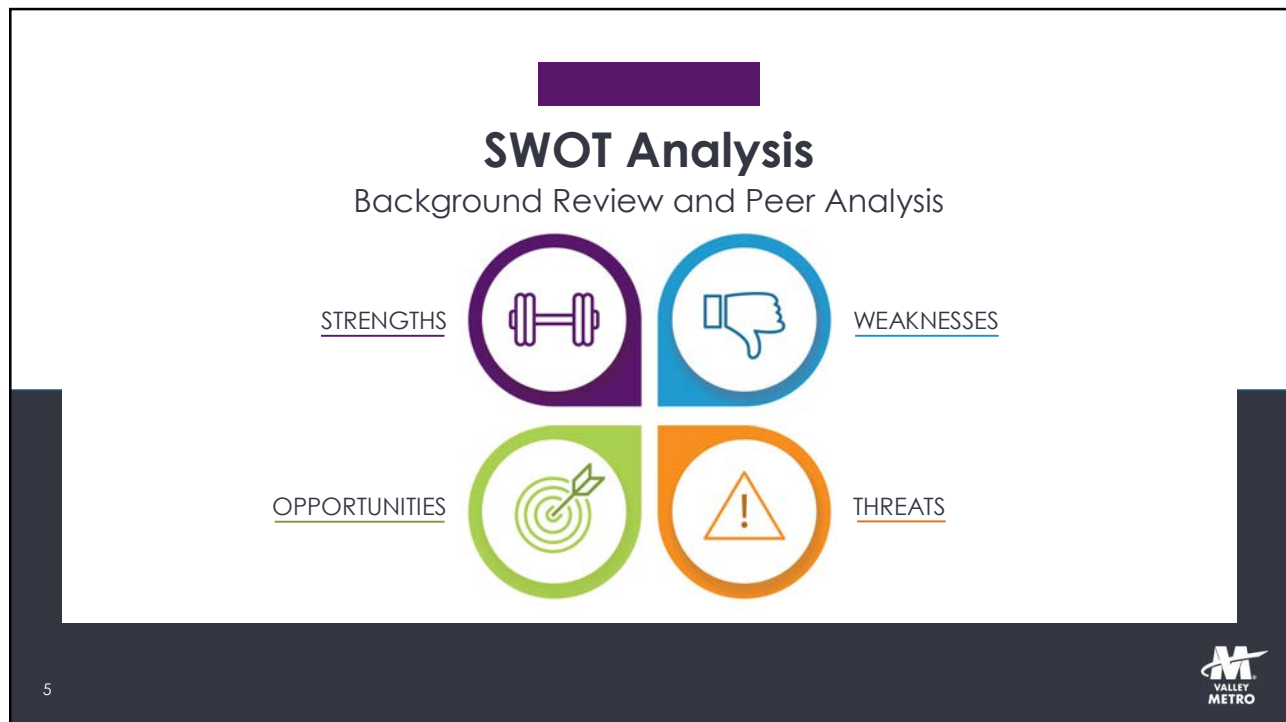
Study Overview

- Initiated in August 2023
- Collaboration between Valley Metro and the City of Phoenix
- In 2025, scope expanded with opening of the South Central Extension



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Fare Administration Policy

- Benefits of a Fare Administration Policy
 - Provides guidance on the management of fares
 - Defines guiding principles that serve as guideposts
 - Establishes frequency for fare reviews
 - Establishes process, roles and responsibilities

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Fare Administration Policy

- Fare Administration Policy was developed as part of the Fare Study
- Objectives of the Fare Administration Policy
 - Support long-term financial sustainability and promote system ridership
 - Establish a process for reviewing and evaluating fare changes
 - Comply with applicable laws and regulations
- **The Fare Administration Policy will be brought for Board action**

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Fare Strategies for Consideration



- 1 Expansion of the Social Services Fare Program
- 2 Low-income fare program alternatives
- 3 Veterans reduced fare program
- 4 Increased marketing of pass programs
- 5 Residential pass program
- 6 Special events program alternatives
- 7 Semester Pass Program pricing alternatives
- 8 Review of pass pricing and multiples
- 9 Transfer policy alternatives
- 10 Express/RAPID reduced fare alternatives



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Expansion of Social Services Fare Program

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- Current program provides 50% discount to agencies serving people experiencing homelessness
- Analyzed expanding to organizations serving low-income individuals



+0 to 2.6M
BOARDINGS

0-9% increase
in ridership



-\$1.4 to \$1.4M
IN REVENUE

varies

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Low-Income Fare Program Alternatives

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- Transit agencies are introducing low-income fare programs
- Introduces significant administrative & implementation costs
- Analyzed 50% discount with 25% participation:
 1. Income threshold set at 165% of FPL (SNAP in Arizona)
 2. Income threshold set at 200% of FPL



+0.5M
BOARDINGS

1-1.5% increase
in ridership



-\$1.9 to \$2.2M
IN REVENUE

7-8% decrease
in fare revenue

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Veterans Reduced Fare Program

- Include veteran organizations in Social Services Fare Program or introduce a new reduced fare category
- Half of veterans already qualify for reduced fare
- Analyzed 50% discount with 100% participation

+0.2M
BOARDINGS

1% increase
in ridership

-\$0.4
IN REVENUE

2% decrease
in fare revenue

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Increased Marketing of Pass Programs

- New system provides opportunities to expand pass programs and build ridership
- Recent marketing efforts
 - Rebranding programs
 - New pass agreements
 - Creation of Fact Sheets
 - Direct outreach (letters, emails, phone)
 - New dedicated webpages for each program
- Opportunity to further increase marketing to residential, conventions, events and other partners

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Residential Pass Program

- Significant residential development along transit corridors
- High perceived value of light rail access among residents
- Platinum Pass Program (pay for usage) available for developments
- Purchase passes for all residents/units at fixed fee per resident/unit
 - Cost certainty for development, but increased complexity/risk for agency
 - Consider volume discounts

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Special Event Program Alternatives

- **Special Event Program opportunities:**
 - Offer menu of fare products and pricing for special events
 - Discount on pricing for 2-3 day events
 - Volume discounts for large events
 - Enable events to subsidize a portion of the pass
- **Other opportunities:**
 - Offer up to four free transit days (proposed in Fare Admin Policy) ^{la1} ^{KH2}
 - Offer promotional, special event passes directly to riders

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Semester Pass Program Pricing Alternatives

- Separate from ASU UPASS
- Current discount is 10% on full and reduced fare passes
- No passes purchased since FY22
- Target market is community colleges
- Revisit Semester Pass Program:
 - Additional discount
 - Leverage data from new fare system

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Review of Pass Pricing and Multiples ^{la1}

- Current pass multiples align with other peers
- New system provides greater insight into rider transit use

Smart Fare Category	Quantity (August 2025)
Local Daily Maximum	520,555
Local Weekly Maximum	59,677
Local Monthly Maximum	98,918
Express/RAPID Daily Maximum	1,915
Express/RAPID Monthly Maximum	164

- Future Steps:
 - Assess Smart Fare pricing with new data
 - Review reduced Smart Fare and discounts

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Transfer Policy Alternatives

- Current policy requires payment for each boarding
 - Not currently enforced on light rail for 1-Rides
- Three alternatives for consideration:
 1. **Pay per boarding (current policy)**
 2. **Light rail transfers only**
 3. **Electronic transfers on all fixed route services**
- Introducing transfers provides limited benefits:
 - Daily Smart Fare is currently priced at one round trip
 - Over half million daily fare caps reached in August 2025

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Transfer Policy Alternatives (cont'd)

Transfer Policy Alternative	Annual Revenue Impacts	
	Transfer Policy Changes	Transfers Policy Changes with Low-Income Program
Pay per Boarding (Current Policy)	-	-\$1.9M to -\$2.2M -7.0% to -8.1%
Light Rail Transfers	-\$0.2M -0.7%	-\$2.1M to -\$2.4M -7.7% to -8.8%
Electronic Transfers	-\$1.5M -5.7%	-\$3.3M to -\$3.6M -12.7% to -13.8%

Implementation costs for all options - approximately \$200K-\$250K

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Express/RAPID Reduced Fare Alternatives

- Currently no reduced fare on Express/RAPID
- Options:
 1. Reduced fare on Express/RAPID full fare: \$1.50 one-ride
 2. Single Reduced fare for all services: \$1 one-ride
 3. Align Express/RAPID with Local fares: \$2 full/\$1 reduced one-ride

+0.01 to 0.04M
BOARDINGS

0.05-0.1% increase
in ridership

-\$0.1 to \$0.4M
IN REVENUE

0.4-1.4% decrease
in fare revenue

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Recap and Priority Discussion

To be completed with Board input

Fare Strategy	Priority (High, Medium, Low) or Do Not Advance
1. Expansion of the Social Services Fare Program	
2. Low-income reduced fare program alternatives	
3. Veterans reduced fare program	
4. Increased marketing of pass programs	High
5. Residential pass program	
6. Special events program alternatives	
7. Semester Pass Program pricing alternatives	
8. Review of pass pricing and multiples	
9. Transfer policy alternatives	High
10. Express/RAPID reduced fare alternatives	

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Discussion / Questions