



MEMORANDUM

DATE: December 19, 2022
TO: Chair Bryson and Public Works and Facilities Committee
THROUGH: Katie Koester, Engineering and Public Works Director
FROM: Denise Koch, Engineering and Public Works Deputy Director & Rich Ross, Capital Transit Superintendent
SUBJECT: Capital Transit: Fare Free Exploration

Background

Many locations across the country have asked the following question:
If transit is a public good, should it be free?

This brings the associated questions of where the revenue should come from to plug the hole and what it would mean for ridership.

According to the American Public Transportation Association, there are only about 25 fare-free systems of thousands of transit systems nationwide.¹ Most of the fare-free systems are bus only systems. These systems include some large urban areas (i.e. Kansas City²) as well as mid-size cities (i.e. Missoula, MT, Olympia, WA), college towns (i.e. Corvallis, OR, Chapel Hill, N.C.), and resort communities (i.e. Breckenridge Free Transit System, CO, Advance Transit, NH/VT, Commerce, CA). In Alaska, Glacier Valley Transit in Girdwood and Sunshine Transit in Talkeetna are free. These are much smaller systems than what Capital Transit operates.

Some of the more prominent examples are the Kansas City Area Transportation Authority and the Boston system, which made three bus routes fare-free using COVID related funding. It is not yet clear whether those systems will remain fare free after COVID funding expires. Connecticut made all public transit buses fare-free through March 31, 2023.³ Olympia Washington has a zero-fare demonstration project that may last until as late as January 1, 2028. On December 7, the Washington D.C. Council voted to waive the \$2 fares for Metrobus riders within city limits starting on July 1, 2023.⁴

Some of the positives associated with fare-free include greater economic equity, greater speed on boarding buses, and reduced conflict between drivers and passengers over fares; some of the negatives

¹ "Public Transportation Fare Database, 2019" American Public Transportation Association
<https://www.apta.com/research-technical-resources/transit-statistics/fare-database/>

² ZeroFareKC <https://zerofarekc.com/>

³ "Suspension of Bus Fares Statewide continues through March 31, 2023,"
<https://www.cttransit.com/news/suspension-bus-fares-statewide-continues-through-march-31-2023#:~:text=The%20Connecticut%20Department%20of%20Transportation,Connecticut%20through%20March%2031%2C%202023.>

⁴ "Washington D.C. is making public buses free forever," Fortune, December 12, 2022.
<https://fortune.com/2022/12/12/washington-dc-making-public-buses-free-forever/>

included some rowdy riders and a greater number of unsheltered people riding the buses all day.^{5 6} Additionally, surveys completed by transit researchers have indicated that riders prioritize frequent reliable service over eliminating fares. They caution about moving to fare-free if the reduced revenue sacrifices service.⁷ One other consideration for Juneau would be that cruise tourists often swamp the Downtown Transit Center during the summer looking for a low cost way to get to the Glacier. Free rides would further increase that traffic to the beginning of the routes, displacing locals.

One international study showed that access to fare-free transportation increases the total number of off-peak trips that existing passengers take for leisure or errands, but did not have an impact on the number of trips people take via car.⁸

Capital Transit - Funding

In FY 22, Capital Transit's operating actual expenditures were \$6,852,100. Of that total, only \$463,883 (~ 7% of the operating budget) is collected in fares. Fare revenue includes one-time fares collected in the fare box (i.e. \$2 per adult, \$1 per youth) as well as from tokens and passes.

We estimate that Capital Transit spends almost \$20,000 per year of the revenue to collect and process the fares. Other CBJ departments such as Finance, Cash Office, and Libraries also spend time associated with fare collection and pass sales.

Capital Transit – FY22 Operating Budget		
Agency	Source	
CBJ	General Funds	\$5,167,596
Federal Transit Administration*	5311	\$1,220,621
Cash/Passenger Sales		\$ 224,913
Pass Sales		\$ 195,590
Token Sales		\$ 43,380
Total		\$6,852,100

*Received via Alaska Department of Transportation & Public Facilities

It is also worth noting that there are currently approximately 3,000 residents with permanent or temporary disabilities who have VIP or ADA cards that enable them to already ride for free. Senior citizens with local sales tax exemption cards and children under 5 also currently ride free. Riders who receive free rides make up a significant portion of the Capital Transit ridership.

⁵ "Buses Shouldn't Be Free," The Atlantic, December 9, 2022

<https://www.theatlantic.com/ideas/archive/2022/12/washington-dc-free-bus-transit/672407/>

⁶ "Free buses are a money saver. Riders say they're still too slow." The Washington Post. December 10, 2022

<https://www.washingtonpost.com/transportation/2022/12/10/fare-free-bus-service-transit/>

⁷ "Who's On Board 2019: How to Win Back America's Transit Riders," Transit Center. https://transitcenter.org/wp-content/uploads/2019/02/TC_WhosOnBoard_Final_digital-1-1.pdf

⁸ "The impact of fare-free public transport on travel behavior: Evidence from a randomized controlled trial,"

Regional Science and Urban Economics, Vol. 86, January 2021

<https://www.sciencedirect.com/science/article/abs/pii/S016604622030301X>

If Capital Transit were to go fare free without replacing the lost revenue, it would result in service reductions. This would most likely result in permanent cuts to the North Douglas Route 11, Route 5 that includes service to the University and Glory Hall, and Route 6 which provides service to Riverside Drive and the airport. (These routes are currently temporarily suspended due to the driver shortage. We planned to reinstate service once we are more fully staffed.)

Recommended discussion

Are there additional questions or areas that the Committee wants staff to research?