



**Municipality of Anchorage**  
**Public Transportation Department**  
**Memorandum**

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DATE: October 7, 2020  
TO: Public Transit Advisory Board  
THRU: Jamie Acton | *Director*  
FROM: Christine Schuette | *Transit Planner* and  
FROM: Bart Rudolph | *Planning & Communications Manager*  
SUBJECT: **Fare-Free Public Transport**

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### **Background**

Anchorage Assembly Member Felix Rivera requested to the Public Transit Advisory Board (PTAB) that the Public Transportation Department (PTD) look into going fare-free. There are four different types of Free-Fare Public Transport (FFPT):

- **Spatially limited** FFPT (limited to a specific section of the network or a particular mode);
- **Temporarily limited** FFPT (limited to a specific, yet regularly occurring periods of time);
- **Socially limited** FFPT (limited to certain groups of users); and
- **Full** FFPT (available to the vast majority of routes and services available).

PTD currently offers socially limited and temporarily limited FFPT. Seniors ride free every Wednesday and youth ride free on Thursdays during the summer.

### **The Benefits of a Fare-Free Network**

The potential benefits of FFPT deal primarily with income disparity and the environment. FFPT can enhance mobility opportunities for everyone and increased ridership can divert more single occupancy vehicles off the road. Eliminating fares removes affordability barriers and helps make the system more equitable for all users, especially for short trips. The elimination of the fare box can speed up passenger loading, reducing total trip times and making the system more reliable. Reducing trip times also makes transit more competitive with the automobile when riders have a choice between the two. This can also have a positive effect from the bus operator's perspective if they have to engage in fare disputes with customers not having correct change or boarding without fares in hand. The elimination of the fare box can also reduce the administrative expenses related to fare collection and processing and the maintenance costs associated with the farebox in general. Another big benefit is that the elimination of fares would eliminate transfer fees.

### **The Risks of a Fare-Free Network**

The potential risks of FFPT deal primarily with over-crowding and the potential to attract non-destination riders. If ridership increases significantly, quality of service could decline if the department is not able to add more buses to increase service levels to match demand. Expenses and staff time associated with maintenance could also increase as more customers use the system. Additional operators, operations supervisors and mechanics may need to be hired. Over-crowding could drive away existing customers or weigh on their perception of safety while riding the bus. Enforcing "origin to destination" policies to prevent continuous riding may also create additional conflict. Transit security (if in place before FFPT) could help with this potential risk. Additionally, FFPT would affect more than just People Mover

operations. AnchorRIDES paratransit would be required to also go fare-free, thus increasing demand and operating costs for that service.

It will also be important to get community buy-in. Without a sales tax to mitigate the loss revenue, there could be competing city initiatives in the annual municipal operating budget and areas of town that do not have transit service could be a force of opposition.

### **Brief Experience**

The PTD went fare-free between March 18 and April 9, 2020 in response to a global pandemic. This indirectly gave PTD a sneak peek into what a fare-free system could look like, although rider limits were in place that prevented over-crowding. During that time, there were reports that some riders were allegedly taking “non-destination” trips inflating the increased ridership numbers. The reports further claimed that some non-destination riders refused to get off the bus at the end of the route, not complying with the rider rules set in place.

### **Detailed Analysis**

In order to better understand what a fare-free system would look like in Anchorage, there are several questions that would need to be answered and research that would need to be done.

- Analyze the 2019 APTA Fares database to compare PTD’s fare structure to similar sized networks. Research should include fully fledged FFPT transit networks that are not university systems or based on tourism.
- Determine PTD’s potential for lost revenue. What is PTD’s fare box recovery ratio? What percent of riders have fare-exempt or half-fare status already? What is the financial impact of ending employer/university agreements? What new revenue source would offset FFPT and how sustainable is it?
- What are the current costs associated with fare collection? (i.e. staff time processing the cash, maintenance time fixing malfunctioning fareboxes, operations time delayed due to faulty fareboxes or fare disputes).
- How much would ridership increase? In the literature, fare elasticity is reported to be -.03, meaning that with a decrease of 100% in fares, demand should increase by 30%. However, many transit systems have reported increases closer to 50%. Demand will vary depending on; the type of passenger, the time of day, the type of route and the length of time since the fare structure change took place.
- Will PTD be able to handle the increased support needed to customer service, maintenance, operations, and the increased need of bus stop amenities?
- Will fare-free change how PTD reports to FTA and/or change PTD’s eligibility for grant funding?
- What do the bus operators think? Bus operator satisfaction could improve by not having to deal with rider disputes at the fare box or it could be hindered by the potential of over-crowding and non-destination riders.
- Is there community buy-in and how will the community relationship to transit change with a fare-free policy?
- How will an increase in ridership affect Anchorage’s goals of mobility? For current riders that want more service (frequency, span and coverage), how does the messaging for FFPT work and not conflict with those goals?

### **Next Steps**

The path to a fare-free system should not happen overnight. Further literature review would be needed on the benefits and risks of a fare-free system highlighting some of the case studies and lessons learned. The research outlined above needs to happen first and if a path forward is

deemed in the best interest of the community, PTD should consider incremental steps to getting there. For instance, PTD could pursue socially limited FFPT avenues first by implementing an all youth ride free program seven days a week. The same could be done with seniors and veterans. PTD could also consider making a temporally limited FFPT with certain days of the week or times of the day that transit is free for all to ride. This could be done during off-peak times to help prevent overcrowding. Furthermore, PTD could consider a pilot program to see what works and what does not, looking for opportunities and obstacles before a complete fare structure change. If there is community and political support for a fare-free system, it is recommended that a consulting firm be hired to provide an independent analysis of the questions raised in this memo.