



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
PLANNING & PROJECTS STANDING COMMITTEE AGENDA
MARCH 17, 2026 – 11:00 AM
HYBRID MEETING**

Members of the public may attend in-person or participate remotely via Zoom.

**METRO Admin Office
110 Vernon Street
Santa Cruz, CA 95060**

**Zoom [Link](#)
Dial In: 1-669-900-9128
Meeting ID: 864 6850 6559
Passcode: 358888**

The Planning & Projects Standing Committee Meeting Agenda Packet can be found online at www.scmetro.org and is available for inspection at Santa Cruz METRO's Administrative Office at 110 Vernon Street, Santa Cruz.

Public comment may be submitted via email to boardinquiries@scmetro.org. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in the Board's correspondence that is posted online at the Board meeting packet link. Oral public comments will also be accepted during the meeting through Zoom. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

The Committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

COMMITTEE ROSTER

Director Rebecca Downing
Director Monica Martinez
Director Scott Newsome
Director Larry Pageler

Corey Aldridge
Julie Sherman

County of Santa Cruz
County of Santa Cruz
City of Santa Cruz
County of Santa Cruz

CEO/General Manager
General Counsel

SECTION I: OPEN SESSION

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

This Committee may be attended by Board Members who do not serve on this Committee. If a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

1 CALL TO ORDER

2 SAFETY DEBRIEF

Gregory Strecker, Safety, Security and Risk Management Director

3 ROLL CALL

Board members may participate remotely due to “just cause” circumstances.

4 ORAL AND WRITTEN COMMUNICATIONS TO THE PLANNING & PROJECTS STANDING COMMITTEE

This time is set aside for Directors and members of the general public to address any item not on the agenda, which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Director may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. When addressing the Board, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

5 ADDITIONS OR DELETIONS FROM AGENDA/ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

6 APPROVE: RECOMMEND APPROVAL OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,723,000, SUBJECT TO CALIFORNIA TRANSPORTATION COMMISSION (CTC) APPROVAL OF FUNDING ALLOCATION REQUESTS

John Urgo, Chief Planning and Innovation Officer

7 APPROVE: ADOPT MODIFIED FARE STRUCTURE AND POLICIES

Derek Touns, Planning and Innovation Deputy Director

8 ADJOURNMENT

ACCESSIBILITY FOR INDIVIDUALS WITH DISABILITIES

This document has been created with accessibility in mind. With the exception of certain third party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmtd.com. Upon request, Santa Cruz METRO will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to boardinquiries@scmetro.org or submitted by phone to the Sr. Executive Assistant at 831-426-6080. Requests made by mail (sent to the Sr. Executive Assistant, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

PUBLIC COMMENT

If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmetro.org subject to staff's ability to post the document before the meeting.

- THIS PAGE INTENTIONALLY LEFT BLANK -



DATE: March 17, 2026
TO: Planning and Projects Standing Committee
FROM: John Urgo, Chief Planning and Innovation Officer
SUBJECT: **RECOMMEND APPROVAL OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,723,000, SUBJECT TO CALIFORNIA TRANSPORTATION COMMISSION (CTC) APPROVAL OF FUNDING ALLOCATION REQUESTS**

I. RECOMMENDED ACTION

That the Planning and Projects Standing Committee recommend the Board of Directors award a contract to Capuzzi Consulting Group, Inc. for the Rapid Corridors Project Design and Engineering services in an amount not to exceed \$2,723,000 (includes design contingency allowance of \$228,992), and authorize the CEO/General Manager to execute the Capuzzi Consulting Group, Inc. contract, in a form approved by legal counsel, and subject to CTC approval of an allocation of \$733,000 of FY23 Transit and Intercity Rail Capital Program (TIRCP) discretionary funding and \$654,000 in Local Partnership Program formula (LPP-F) funding.

II. SUMMARY

- The Santa Cruz Metropolitan Transit District (METRO) received grant funding to develop and implement new service on two of its existing fixed bus routes (Lines 1 and 2) for METRO's Rapid Bus Corridor Infrastructure Enhancements (Rapid Corridors) Project.
- METRO has a need for professional design and engineering services to support the preparation of plans, specifications and cost estimates (PS&E) for the Rapid Corridors Project.
- A formal Request for Proposals (RFP) was conducted to solicit proposals from qualified firms. Two firms submitted proposals for METRO's review.
- A 5-member evaluation team composed of METRO staff and external agency staff from the cities of Santa Cruz and Watsonville evaluated the proposals, and is recommending that the METRO Board of Directors (Board) award a contract to the highest ranked proposer, Capuzzi Consulting Group, Inc. (Capuzzi) in an amount not to exceed \$2,723,000 (includes \$228,992 design contingency allowance).

- Capuzzi was ranked highest among responding firms for its technical proposal and had excellent project reference scores. METRO and Capuzzi have reached agreement on the proposed project hours, cost, billing rates and contract terms.
- Funding will be allocated by the California Transportation Commission (CTC) in January 2026, and work is expected to begin on the PS&E (Design) phase of the project no later than February 2026.

III. DISCUSSION/BACKGROUND

METRO is investing \$25 million in State and local funding to implement capital improvements along a roughly 25-mile corridor that hosts METRO bus Routes 1 and 2, which connect the cities of Watsonville and Santa Cruz through the City of Capitola and unincorporated sections of Santa Cruz County. Once improved, Routes 1 and 2 will become METRO’s first “rapid” corridors that are aimed at improving transit speeds and reliability while reducing traffic congestion in the corridors.

In 2022, METRO received a planning grant to develop a *Transit Speed and Reliability Study*, which project was later completed and the results published in a [final study report](#) in January 2024. METRO used this study to pursue the different funding opportunities, which are now secured. The project expenditure plan includes over \$22 million in construction spending and around \$3 million for engineering and design services. The design phase of the project will culminate with the production of detailed plans, specifications and cost estimates (PS&E) that will then be used to bid out the construction phase(s) of the project.

On September 2, 2025, METRO advertised and distributed notice of RFP No. 26-04 to over 2,000 firms, including over 1,000 Disadvantaged Business Enterprises (DBEs), posted notice on its Bonfire portal, and emailed notices to all Mailchimp subscribers. This was a qualifications-based procurement in accordance with State law, meaning that technical proposals would be evaluated and scored without taking price proposals into consideration; only the price proposal from the top-ranked firm would be opened and evaluated. Two firms submitted proposals by the submission deadline of September 30, 2025: Capuzzi, located in Alpine, California, and Kimley-Horn and Associates, Inc., located in San Mateo, California. An evaluation team composed of METRO staff from the Planning and Grants Department and engineers from the cities of Santa Cruz and Watsonville reviewed and evaluated the technical proposals using the following criteria as contained in the RFP:

Evaluation Criteria	Points
Qualifications and recent experience	25
Understanding of and technical approach to Project	40
Key staff and their quality of relevant experience	25
References	10
Total Points Possible	100

Capuzzi was determined to be the top-ranked firm whose proposal fulfills the requirements of the RFP. Evaluation team staff from METRO then opened the price proposal submitted by Capuzzi and, upon review, commenced negotiations. The final agreed upon pricing reflects costs that are fair and reasonable.

The Capuzzi team includes multiple subconsultants who together bring extensive qualifications and demonstrated experience delivering innovative multimodal, transit, and corridor improvement projects across California. Relevant project experience from this team includes the design and engineering of improvements for San Diego's Downtown and South Bay Rapid Transit corridors and University Bikeway project; the West Valley Connector Bus Rapid Transit (BRT) project in San Bernardino County; Washington Street Corridor Improvements project in Napa County, and AC Transit's East Bay Bus Rapid Transit (BRT) project in Alameda and Contra Costa Counties in the San Francisco Bay Area.

These projects showcase the Capuzzi Team's ability to adapt multimodal design strategies that balance roadway, pedestrian, and transit needs in settings that closely resemble Santa Cruz METRO's Route 1 and 2 corridors, including protected intersections, transit islands, separated bike lanes, transit and bike signals, pedestrian hybrid beacons, and safe pedestrian crossings. The consultant team is also well versed in supporting multi-jurisdictional projects that require coordination with stakeholders and multiple authorities having jurisdiction (AHJs) over the regulatory and permitting process.

Scope of Work

Under the scope of work for the Rapid Corridors project, Capuzzi will develop to 100% Plans, Specifications and Estimates (PS&E) and Capuzzi will:

- Perform engineering and design services for bus only lanes on Front Street and River Street in the City of Santa Cruz;
- Engineer and design up to 23 transit boarding islands;
- Engineer and design one (1) high-intensity activated crosswalk (HAWK);
- Engineer and design five (5) rapid rectangular flashing beacons (RRFBs), each with new street lights and high-visibility crosswalks;
- Engineer and specify "typical" design standards, special provisions, construction details, and recommended passenger amenity standards for up to 110 enhanced bus stops, each to be equipped with improved shelter / seating / lighting and real-time passenger information (RTPI) displays;
- Perform survey, utility coordination, and design services for above improvements and associated stormwater related improvements;
- Develop a coordinated Transit Signal Priority (TSP) strategy in partnership with the County and cities of Capitola, Santa Cruz, and Watsonville;

- Develop a public outreach plan for the Rapid Corridors Project and perform outreach to project stakeholders and affected property owners before and during the project's construction;
- Apply for and secure Caltrans Encroachment Permit(s) for improvements to be performed within State Highway Rights-of-Way; and
- Provide construction-phase design support services as may be required.

Additional (optional) services that Capuzzi may be directed to perform (through the 20% project contingency allowance) include, but are not limited to:

- Potholing (i.e., digging small exploratory holes to locate and confirm the position of underground utilities);
- Geotechnical engineering;
- Design and engineering for up to 12 queue jump locations (i.e., a lane designated for bus-only use that allows a bus to bypass a line of traffic at a signalized intersection and get to the front of the queue), with additional surveying and mapping services as needed;
- Coordination of signal timing / signal synchronization improvements with local jurisdictions, and/or provide technical oversight of TSP systems integrator / supplier contract(s);
- Microsimulation / traffic operations analysis for queue jump and/or traffic signal modifications;
- Preparation of a Caltrans Decision Document (if required), for the section of the project on State Route (SR) 152 in the City of Watsonville;
- Right-of-way acquisition services, which may be necessary to implement portions of the project;
- Additional public outreach associated with the optional scope services; and
- Additional design, engineering, and/or technical support as may be needed during the Construction phase of the Rapid Corridors Project.

Staff is recommending that the Board award a contract to Capuzzi to perform design and engineering services for the Rapid Corridors Project in an amount not to exceed \$2,494,008 and authorize the CEO/General Manager to execute the Capuzzi contract in a form approved by legal counsel. Staff is also recommending the addition of a design contingency allowance (not to exceed \$228,992) and requesting authority for the CEO/General Manager to execute any necessary change orders or amendments up to this contingency amount, for a maximum contract value of \$2,723,000.

Capuzzi will provide services meeting all METRO's specifications and requirements of the contract. John Urgo, Chief Planning and Innovation Officer, will serve as the Contract Administrator and will ensure contract compliance.

Planning and Projects Standing Committee
March 17, 2026
Page 6 of 6

VIII. APPROVALS

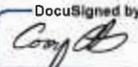
John Uργο, Chief Planning and
Innovation Officer



Approved as to fiscal impact:
Chuck Farmer, CFO



Corey Aldridge, CEO/General Manager

DocuSigned by:

AEBCB86501A2443...



DATE: March 17, 2026
TO: Planning and Projects Standing Committee
FROM: John Urgo, Chief of Planning and Innovation
SUBJECT: ADOPT MODIFIED FARE STRUCTURE AND POLICIES

I. RECOMMENDED ACTION

That the Planning and Projects Standing Committee recommend that the Board of Directors adopt the modified Fare Structure and Policies effective with the launch of METRO's new Tap2Cruz Integrated Ticketing Project.

II. SUMMARY

The Santa Cruz Metropolitan Transit District's (METRO) proposed modified Fare Structure and Policies (Attachment A) would replace the existing fare structure and policies ("Codified Tariff") that were adopted by the Board of Directors on June 4, 2020. The proposed Fare Structure and Policies would take effect on the date of the launch of METRO's new Tap2Cruz Integrated Ticketing Project (ITP) and will also support METRO's ability to offer discount fare benefit programs through the State of California's Integrated Travel Project (Cal-ITP). Staff recommends that the Planning and Projects Standing Committee recommend that the Board of Directors (Board) adopt a Resolution (Attachment B) to authorize the modified Fare Structure and Policies at its March 27, 2026 Board meeting.

III. DISCUSSION/BACKGROUND

The METRO Board adopted a Codified Tariff in June 2020 that addresses discount fare programs, ParaCruz fares, bulk pass sales, eco-pass programs, university pass programs, and free fares for the legally blind. At the time, the Board did not formally repeal separate, superseded METRO policies.

In addition, since that time, METRO has adopted a mobile ticketing application, introduced the Youth Cruz Free program, and later this year, will introduce Tap2Cruz, a new way for riders to pay for METRO fixed routes using any contactless Europay, MasterCard or Visa (EMV) bank card or mobile wallet. Among its other benefits for both riders and METRO, fare collection through Tap2Cruz is expected to cost METRO 50 and 75 percent less when compared to mobile tickets and cash fares.

METRO staff presented a proposed revised Fare Structure and Policies – to replace the current Codified Tariff – at the METRO Board's February 27, 2026

meeting, and asked the Board to open a public comment period on the proposed Fare Structure and Policies. The proposed Fare Structure and Policies include several updates to METRO's existing fare products, fare media, sales channels and pricing.

Updates reflected in the proposed Fare Structure and Policies are responsive to the Board's input and correspond to the way in which METRO will collect fares and enroll riders for discount fare benefit programs under the State's Cal-ITP program. The modified Fare Structure and Policies would:

- Maintain current pricing, as it is generally in line with guidelines;
- Simplify the fare structure by eliminating underutilized pass products, align benefit eligibility with Statewide standards, and implement fare capping¹;
- Introduce a \$1.00 discount on Tap2Cruz Local Day Caps for Adult riders (and a \$0.50 discount on Tap2Cruz Local Day Caps for Discount riders) as an incentive to drive Tap2Cruz adoption.

The accompanying resolution also will formally repeal the following separate METRO policies, which were generally superseded by the Codified Tariff adopted in 2020:

- Chapter 5, Title III of the METRO Administrative Code, Issuance of Complimentary Bus Passes, updated most recently by Resolution No. 16-04-01
- AR-1029, Older Adult, Persons with Disabilities and Legally Blind Persons Fixed Route Discount Fare Program (Discount Fare Program), updated most recently by Resolution No. 20-02-07
- AR-1031, Smart Card Policy, updated October 23, 2015

Cost of Fare Collection

There is an administrative cost to METRO of maintaining multiple pass types and fare collection methods. Cash fareboxes, smart cards, and magnetic tickets are outdated and inflexible, making it difficult to implement more convenient and customer-friendly policies such as fare capping. METRO is expected to reduce its cost of fare collection through the Tap2Cruz program compared to existing fare payment methods. Recent analysis shows that the cost of cash collection is around 20 percent of the fare revenue collected. The cost of vending a mobile ticket via METRO's SplashPass app is around 10 percent of the product value sold. Tap2Cruz is expected to cost METRO approximately five percent of the value of fares collected.

¹ *Fare capping provides a frequent-rider discount equivalent to pass products, but without requiring customers to purchase passes at full cost in advance.*

Revenue Impact (See Financial Considerations section for details)

A basic fare model was developed using METRO's fare collection revenue and sales data from Fiscal Year 2025. Scenarios were created to evaluate revenue impacts from proposed policy changes including the elimination of 3- and 7-Day Passes and 15-Ride books. Existing shares of those products were shifted to the most likely alternative including Tap2Cruz daily fare caps and one-ride tickets. Estimated product usage rates and fare prices were updated for those specific customer segments, and fare revenue was recalculated.

METRO's 2025 Onboard Survey results were used to calibrate the model to estimate the percentage of riders who are likely to shift to Tap2Cruz when it launches, versus those who favor paying by cash or mobile ticket. METRO staff included stated preference questions in the 2025 Onboard Survey that were designed to elicit this information. Staff estimate that approximately two-thirds of METRO riders should be willing to try Tap2Cruz, based on their existing purchase habits for everyday items.

Equity Analysis

The Federal Transit Administration (FTA) establishes criteria for direct recipients of federal funds to conduct assessments that demonstrate nondiscrimination of services and facilities for minority and low income individuals. FTA's requirements for analyzing fare changes under Title VI of the Civil Rights Act of 1964 do not apply to METRO as it does not operate in a large urbanized area; however, METRO is required to take equity into account, such as by evaluating whether proposed fare changes might have a discriminatory impact on minority or low-income individuals. METRO commissioned a subject matter expert to complete an equity analysis of the proposed changes to the Fare Structure and Policies, which concludes:

Across all populations, protected and non-protected, the average fare paid by a customer is expected to decrease due to the benefits provided by fare capping. Across all customers, the average fare is expected to decrease by 1.9 percent. For minority and low-income customers, the average fare is expected to decrease by 1.5 percent. The policy changes of offering fare capping benefits are attractive to all METRO customers.

Refer to Attachment C for more details on the cost of fare collection and revenue and equity impacts analyses of the proposed new Fare Structure and Policies.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

The proposed Fare Structure and Policies support the following Strategic Plan Priorities: (1) Financial Stability, Stewardship & Accountability; (2) Service Quality and Delivery; (3) Internal and External Technology; and (4) Strategic Alliances and Community Outreach.

V. FINANCIAL CONSIDERATIONS/IMPACT

The estimated fiscal impact from the proposed changes to the Fare Structure and Policies would be an annual reduction of approximately 1.7 percent or \$155,000 in fare revenue. The majority of this impact is attributed to the introduction of fare capping (Refer to Attachment D for details). Many transit agencies have chosen to implement fare-capping despite the slight reduction in revenue because it simplifies fare collection and benefits customers who no longer need to outlay large sums of money each month to procure a period pass.

Staff recommends an eventual transition away from on-board cash collection. METRO intends to retain legacy fare collection systems through at least the end of calendar year 2026. As the agency transitions to Tap2Cruz, if adoption is successful, and if the Board authorizes the removal of cash fareboxes in a future action, there is the potential of substantial savings. Cash acceptance on-board cannot be guaranteed indefinitely, as METRO's fareboxes are beyond their useful life and maintenance staff will not be able to keep them running much longer. Cash collection also increases dwell time. Staff will return to the Board for consideration of the potential discontinuation of cash fare collection after Tap2Cruz has been implemented.

VI. ALTERNATIVES CONSIDERED

The Board could choose to keep in place the current Codified Tariff, but it is unnecessarily complicated, many of the pass options are underutilized, and the cost of fare collection by current methods is high. The current Codified Tariff does not contemplate the introduction of Tap2Cruz, fare capping or Cal-ITP benefit program integrations. Staff does not recommend this option. Staff recommends sunseting the legacy fare systems and fare products in favor of modern, flexible systems and fare products.

VII. ATTACHMENTS

Attachment A: Final Draft of proposed modified Fare Structure and Policies

Attachment B: Draft Board Resolution to adopt modified Fare Structure and Policies

Attachment C: Amey Consulting Technical Memo #2.1: Final Analysis of Santa Cruz METRO's Cost of Fare Collection, Revenue Impacts and Equity Impacts from proposed changes to METRO's Fare Structure and Policies

Attachment D: Amey Consulting Technical Memo #1: Analysis of Fare Capping Impacts

Prepared by: Derek Toups, Planning and Innovation Deputy Director

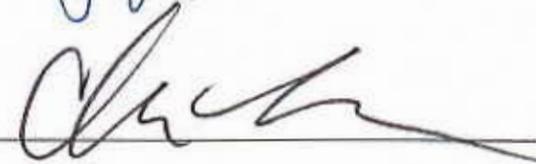
Planning and Projects Standing Committee
March 17, 2026
Page 5 of 5

VIII. APPROVALS

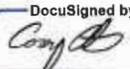
John Urgo, Chief Planning and
Innovation Officer



Approved as to fiscal impact:
Chuck Farmer, CFO



Corey Aldridge, CEO/General Manager

DocuSigned by:

AEBCB86501A2443...

- THIS PAGE INTENTIONALLY LEFT BLANK -

Attachment A

Adopted – June 26, 2020

Proposed for Adoption – March 27, 2026

Effective as of launch of Tap2Cruz¹ program

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STATE OF CALIFORNIA

FARE STRUCTURE AND POLICIES

I. FARE STRUCTURE

Fixed-Route Service		
Local		
Product	Category	Fare
1-Ride Pass	Adult	\$2.00
	Discount	\$1.00
Day Pass	Adult	\$6.00
	Discount	\$3.00
Daily Fare Cap	Adult	\$5.00
	Discount	\$2.50
31-Day Pass / 31-Day Fare Cap	Adult	\$65.00
	Discount	\$32.00
Group, Bulk and School Field Trip Passes	Varies	
Highway 17		
Product	Category	Fare
1-Ride Pass	Adult	\$7.00
	Discount	\$3.50
Day Pass / Daily Fare Cap	Adult	\$14.00
	Discount	\$7.00
31-Day Pass / 31-Day Fare Cap	Adult	\$145.00
	Discount	\$145.00

Para Cruz (Demand Response Paratransit Service)	
Product	Fare
Base Fare	\$4.00
Additional Fare	Up to \$6.00

¹ Tap2Cruz is METRO's proposed new contactless bank (credit/debit/mobile wallet) card acceptance program

Attachment A

II. OTHER FEES/CHARGES

Replacement IDs and Lanyards			
Product	Purchase Locations	Category	Cost
Initial and 1st Replacement Identification Card	METRO Info Booth	Discount, Youth Cruz Free	\$2.00
2nd Replacement Identification Card			\$5.00
Lanyards	METRO Info Booth, Website	All	\$3.00
Overnight Parking at Cavallaro Scotts Valley Transit Center	METRO Center Customer Service booth, Passport Parking mobile payment	All	\$5.00

III. Tap2Cruz FARE ACCUMULATORS

Fare Capping / Accumulation - Adult					
Tap2Cruz Fare Types	Fares	Accumulate towards the caps:		Once the fare cap is reached:	
		Local (Daily, 31-Day)	Amtrak/Hwy 17 (Daily, 31-Day)	Local Cap (Daily, 31-Day)	Amtrak/Hwy 17 Cap (Daily, 31-Day)
Initial Boarding - Local	\$2.00	\$2.00	\$2.00	Free	Free
Initial Boarding - Amtrak/Hwy 17	\$7.00	No Accumulation	\$7.00	\$7.00	
Transfer – Local-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A	Free	
Transfer – Local-to-Hwy17	\$5.00	N/A	\$5.00 (Fare Upgrade)	\$5.00 (Fare Upgrade)	
Transfer – Hwy17-to-Local	Free	Free Transfer (No Accumulation)	N/A	Free	
Transfer – MST-to-Local					

Fare Capping / Accumulation - Discount					
Tap2Cruz Fare Types	Fares	Accumulate towards the cap:		Once the fare cap is reached:	
		Local (Daily, 31-Day)	Amtrak/Hwy 17 (Daily, 31-Day)	Local Cap (Daily, 31-Day)	Amtrak/Hwy 17 Cap (Daily, 31-Day)
Initial Boarding - Local	\$1.00	\$1.00	\$1.00	Free	Free
Initial Boarding - Amtrak/Hwy 17	\$3.50	No Accumulation	\$3.50	\$3.50	
Transfer – Local-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A	Free	
Transfer – Local-to-Hwy17	\$2.50	N/A	\$2.50 (Fare Upgrade)	\$2.50 (Fare Upgrade)	
Transfer – Hwy17-to-Local	Free	Free Transfer (No Accumulation)	N/A	Free	
Transfer – MST-to-Local					

Attachment A

IV. FIXED ROUTE SERVICE FARE PAYMENT, TYPES AND CATEGORIES

A. Fare Payment and Purchase Locations

1. Fixed-Route Fares
 - a. Fare payments can be made using: cash, paper passes, Smartcards (“Cruz Cash” and “Cruz Pass” Products), SplashPass Mobile App, and Tap2Cruz contactless credit/debit cards, and mobile wallets (Apple Pay and Google Pay).
 - b. One-ride and Day Pass fares can be paid or purchased: on-board METRO buses, at METRO information booths, on the METRO website, and via the SplashPass Mobile App. Daily Fare Caps are achieved by using Tap2Cruz contactless credit/debit cards and mobile wallets (Apple Pay and Google Pay).
 - c. 31-Day Passes can be purchased at METRO information booths, on the METRO website, and via the SplashPass Mobile App. 31-Day Fare Caps are achieved by using Tap2Cruz contactless credit/debit cards and mobile wallets (Apple Pay and Google Pay).
 - d. Group and Bulk Passes can be purchased only at the METRO Administrative Offices.
2. ParaCruz fares can be paid on-board with cash or with ParaCruz coupons. ParaCruz Coupons can be purchased in advance, in \$2 and \$4 increments, at METRO information booths, and on the METRO website.

B. Fare Types

1. **Local Single-Ride Pass.** Local Single-Ride Passes are valid for unlimited trips on Local service for 120 minutes from the time of validation/activation. These passes are not valid on the Highway 17 Express.
2. **Local Day-Pass / Daily Cap.** Local Day-Passes are valid for unlimited trips on Local service from the time they are validated/activated until the end of the METRO Service Day². Passengers using credit cards, debit cards and/or mobile wallets pay Local, single-ride fares up to the local Daily Cap price, after which subsequent trips on Local service are free until the end of the METRO Service Day. These passes are not valid on the Highway 17 Express.
3. **Local 31-Day Pass / 31-Day Cap.** Local 31-Day Passes are valid for unlimited trips on Local service from the time they are validated/activated until the end of the METRO Service Day, 31 nights later. Passengers using credit cards, debit cards and/or mobile wallets pay Local, single-ride fares up to the Local 31-Day cap price, after which subsequent Local trips are free until the end of the METRO Service Day, 31 nights after the first validated transaction. These passes are not valid on the Highway 17 Express.
4. **Highway 17 Express Single-Ride Pass.** Highway 17 Express single-ride passes are valid for unlimited trips on Local and Highway 17 Express services for 120 minutes from the time of validation/activation. If used on Local service exclusively, the difference in value will not be refunded.

² The current end of the METRO Service Day is 03:00 a.m. Pacific Local Time

Attachment A

5. **Highway 17 Express Day-Pass / Daily Cap.** Highway 17 Express Day-Passes are valid for unlimited trips on Local and Highway 17 Express services from the time they are validated/activated until the end of the METRO Service Day. Passengers using credit cards, debit cards and/or mobile wallets pay Local and Highway 17 Express, single-ride fares up to the Highway 17 Express daily cap price, after which subsequent Local and Highway 17 Express trips are free until the end of the METRO Service Day.
6. **Highway 17 Express 31-Day Pass / 31-Day Cap.** Highway 17 Express 31-Day Passes are valid for unlimited trips on Local and Highway 17 Express service from the time they are validated/activated until the end of the METRO Service Day, 31 nights later. Passengers single credit cards, debit cards and/or mobile wallets pay Local and Highway 17 Express single-ride fares up to the Highway 17 Express 31-day cap price, after which subsequent Local and Highway 17 Express trips are free the end of the METRO Service Day, 31 nights after the first validated transaction.

C. Fare Categories

1. **Adult.** Passengers aged 18 through 64 must pay the adult base fare for all trips.
2. **Eligible Discount.** Passengers aged 65 or older, veterans, and persons with disabilities are eligible for discounted fares on METRO fixed-route transit. Proof of eligibility may be provided in the form of a METRO a Discount ID Card or through means including, but not limited to:
 - a. For passengers 65 or older: Any government-issued identification showing their age
 - b. For veterans: A government-issued Veterans ID Card
 - c. For individuals with disabilities: a METRO ParaCruz ID Card, a Medicare Card, a current Disabled Person Placard receipt issued by the Department of Motor Vehicles, or identification confirming or a valid transit/paratransit discount card issued by another California transit agency which is equivalent to the METRO Discount ID Card.
3. **Waived Fares**
 - a. Youth Cruz Free Pilot Program: Youth passengers enrolled in kindergarten through Grade 12 may ride Local, fixed-route bus services free of charge under this pilot program. Youths in Grade 9-12 will be asked to show a valid Student ID. Youths in Grades 9-12 without a Student ID may sign up for a free METRO Youth Cruz Free ID card, available at the Watsonville Transit Center or Customer Experience Center in downtown Santa Cruz.
 - b. Young Children: Up to three children who are less than 46 inches tall may travel free with each Adult or Eligible Discount fare-paying passenger.
 - c. Personal Care Attendants, Accompanying Children: Personal care attendants and children accompanying passengers with disabilities who hold a valid METRO Discount ID Card with a green dot or gold dot, respectively, are allowed to ride all Local fixed-route trips without paying a fare.
 - d. Free Fare Program for Legally Blind Passengers: Passengers who are legally blind may ride the Santa Cruz METRO fixed-route bus system for free, including the Highway 17 Express. (See section IX, below.)

Attachment A

- e. Employees/Retirees: Santa Cruz METRO employees, and qualified retirees, spouses, domestic partners and dependent children under the age of eighteen can ride any District-operated fixed-route bus at any time using their employee identification or family transportation passes.

- 4. **Special Promotional Fares.** From time to time, the General Manager/CEO may authorize the establishment of special and promotional fares.

V. ADA PARATRANSIT (PARACRUZ) FARE TYPES AND CATEGORIES

Santa Cruz METRO offer ParaCruz paratransit system for passengers with disabilities who are unable to rider fixed-route transit independently, as required under the Americans with Disabilities Act (ADA). ParaCruz service requires advanced reservations, and service area restrictions apply. ParaCruz is available only for passengers with disabilities who (i) are certified by the District as eligible for paratransit under the ADA, and (ii) possess a valid METRO Paratransit ID Card or a comparable card from another transit agency. In general, ParaCruz fares are no more than double the fare charged to an Adult rider taking a similar fixed-route trip, without any discounts.

- A. **ParaCruz Base Fares.** A reservationist will inform each paratransit passenger of their exact fare at the time the passenger books the ride, based on the following criteria: If a paratransit passenger's ride originates and terminates within $\frac{3}{4}$ mile of a METRO fixed-route bus route operating at the same time as the ParaCruz trip, they would pay a Paratransit Base Fare. The maximum cost for a ParaCruz base fare is two times the METRO Local Single-Ride Pass fare.
- B. **Premium Fares.** For will-call returns, a paratransit passenger will pay twice the Base Fare. For a re-dispatched vehicle, a paratransit passenger will pay four times the Base Fare. The maximum cost for a ParaCruz trip is four times the ParaCruz Base Fare.

VI. FARE PAYMENT

- A. **Cash Payment.** Cash payments are made onboard the bus by feeding bills or coins into the farebox. Bills up to \$20 and coins of one cent, five cents, 10 cents and 25 cents are accepted. No cash change is provided in case of overpayment.
- B. **Disposable Paper Passes.** Disposable paper passes are validated by feeding the magnetic stripe into the top of the farebox. Paper passes can have stored value in the following denominations: (i) Single Ride; (ii) Day Pass; (iii) 31-Day Pass; and (iv) METRO Cash.
- C. **Reusable Plastic Smartcards.** Reusable plastic smartcards are validated by tapping the card on the interface of the farebox. Plastic smartcards can have stored value in the following denominations: (i) Single Ride; (ii) Day Pass; (iii) 31-Day Pass (together, referred to as "Cruz Pass Cards"); and (iv) METRO Cash (referred to as a "Cruz Cash Card" or "METRO Cash Card"). The "Cruz Cash Card" allows customers to load fare value in \$10 increments up to a maximum of \$50. The Cruz Cash Card is scanned in front of the Smart Card Reader located on the farebox in order to pay for the fare which is deducted from the card electronically. Smart Cards have no expiration date. This means that the Smart Cards will never expire, as long as there is fare value remaining on the card.

Attachment A

- D. **ParaCruz Coupons.** ParaCruz Coupons may be purchased in denominations of \$2 and \$4 at METRO information booths and online.
- E. **UC Santa Cruz and Cabrillo College student/staff identification cards.** Students and designated staff/faculty may use their identification cards to board Local, fixed-route bus services. UCSC and Cabrillo College Passes are validated visually by bus operators who ensure the ID has a current registration sticker.
- F. **Downtown “Go Santa Cruz” Eco-Pass.** The downtown eco-pass program is a pilot program funded by the City of Santa Cruz. Passes are issued to employees who work within the downtown business district. Eco-passes are valid for unlimited trips on Local service within the terms of the pilot. Eco-passes are validated by tapping on the interface of the farebox. These passes are not valid on Highway 17 Express service.
- G. **Residential Transit Pass Programs.** The residential transit pass programs are memorialized in individual contracts with residential properties who fund the cost of transit for their residents. These passes are issued to residents. Residential passes are valid for unlimited trips on Local service. These passes are not valid on Highway 17 Express service.
- H. **Amtrak Tickets.** Passengers boarding at the Rotkin Transit Center (and temporary River Front Transit Center) or Cavallaro Scotts Valley Transit Center may present a valid Amtrak ticket including through travel (e.g. Santa Cruz – Oakland) as one-way fare. Passengers boarding at San Jose Diridon Station also may present a valid Amtrak ticket including through travel (e.g. Oakland - Santa Cruz) as one-way fare.
- I. **Inter-agency Transfers³**
 - 1. **Santa Clara Valley Transportation Authority (VTA), Capitol Corridor Joint Powers Authority (CCJPA), San Joaquin Joint Powers Authority (SJJPA), and Amtrak**
 - a. Day Passes issued for the Amtrak Highway 17 Express will be honored on all Santa Cruz METRO buses and local VTA Services for unlimited rides on the transit day specified for all payment methods except Tap2Cruz. Tap2Cruz Transfers and Accumulators do not apply to VTA trips.
 - b. Amtrak Highway 17 Express 31-Day Passes will be honored on all Santa Cruz METRO and local VTA Services for unlimited rides within the valid 31 consecutive days period for all payment methods except Tap2Cruz. Tap2Cruz Transfers and Accumulators do not apply to VTA trips.
 - 2. **Monterey-Salinas Transit District**
 - a. Santa Cruz METRO Passengers transferring to MST:
 - (1) Santa Cruz METRO transfers or Day Passes cannot be applied towards the purchase of any MST fare media.
 - (2) MST will honor a valid Santa Cruz METRO transfer as payment for passengers boarding MST buses at Watsonville Transit Center or Santa Cruz Metro Center.

³ Future Tap2Cruz Inter-agency Transfers will be negotiated with other operators and this Fare Structure and Policies will be amended at that time.

Attachment A

- (3) MST will NOT honor transfers issued from the Amtrak/Highway 17 Express service.
- (4) MST will honor Santa Cruz METRO discount photo ID for travel on any MST route along with the appropriate discount fare.
- (5) MST does NOT honor Santa Cruz METRO 31-Day passes.

b) MST Passengers transferring to Santa Cruz METRO:

- (1) Santa Cruz METRO will honor valid MST transfers for one-way travel within the Santa Cruz METRO service area as far as Santa Cruz Metro Center (Pacific Station).
- (2) There is no additional fare to travel to Santa Cruz when boarding with an MST transfer.
- (3) Passengers must obtain a transfer when they first board MST.
- (4) An MST transfer will be issued upon arrival at the Watsonville Transit Center for free travel on any one Santa Cruz METRO bus with the exception of Amtrak Highway 17 Express service.
- (5) Santa Cruz METRO will honor MST discount photo ID for travel on any Santa Cruz METRO route along with the appropriate discount fare.
- (6) MST GoPasses are not honored on Amtrak Highway 17 Express.

- J. **Group Pass Contract.** A reduced fare is available to members of a group only upon execution of an agreement between the group and Santa Cruz METRO. The group shall provide identification cards for members which shall be satisfactory to Santa Cruz METRO and shall be responsible for fare collection. The group shall pay Santa Cruz METRO for tickets in response to delivery of tickets and or billing by Santa Cruz METRO.

The agreement shall include as a minimum the following items:

1. Definition of the group.
2. Dates during which reduced rides rate is valid.
3. Method of billing.

- K. **Bulk Bus Pass Agreements.** Santa Cruz METRO may enter into agreements with groups to provide bulk bus pass purchases to that group at an agreed-upon per pass rate. The group must specify type of bus pass and the quantity desired so they can be invoiced properly. Bulk bus passes will be issued upon appropriate payment and will function like normal bus passes, needing to be validated when first used onboard a Santa Cruz METRO bus, and will expire from the set time after first use.

The agreement shall include as a minimum the following items:

1. Definition of the group.
2. A per pass rate.
3. Method of billing.

Attachment A

L. **Discount Rates.** The following discounts shall apply to quantity purchases of the Local Day Pass only:

More than 100 passes	20% Discount
----------------------	--------------

Discount Rates: The following discounts shall apply to quantity purchases of the Local 31-Day Pass only:

12-50 passes	10% Discount
51-100 passes	15% Discount
More than 100 passes	20% Discount

M. **Rules Governing Use of Passes and METRO Cash Cards**

1. Passes and METRO Cash Cards are not be subject to refund or replacement.
2. Passes and METRO Cash Cards are subject to District regulations as may be adopted from time to time.
3. Misuse of a pass or METRO Cash Card, or violation of the laws governing behavior on transit vehicles, may lead to pass or Cash Card revocation.
4. Passes must be kept in the possession of the passenger at all times and treated as cash. Lost or stolen value cannot be recovered.

VII. **SERVICE CLASSIFICATIONS**

- A. **Local Service.** Transit routes of an intra-community or inter-community nature that operate primarily on local and arterial streets are classified as Local service. Local routes provide service at each established bus stop.
- B. **Express service.** Express service includes specialized routes of an inter-community nature that operate a significant portion of the route length along freeways without intermediate stops. Highway 17 service is an Express service.
- C. **ADA Paratransit.** Service known as ParaCruz operates for certified passengers with disabilities traveling in the Santa Cruz Metropolitan Transit District service area. Advance reservations are required, and certain qualifying and service area restrictions apply.

The METRO ParaCruz service area mirrors the fixed-route bus service. ParaCruz operates in the same geographical areas, on the same days, and at the same time of day as the fixed-route bus service operates. METRO ParaCruz rides must begin and end within $\frac{3}{4}$ of a mile around a fixed-route bus line (Commuter lines exempted).

Attachment A

VIII. DISCOUNTED FARE PROGRAM FOR SENIORS AND INDIVIDUALS WITH DISABILITIES

- A. Passengers aged 65 and older, or with one or more qualifying temporary or permanent disabilities, are eligible for Discount Fares with use of qualifying identification as described above in Section IV.C.2. They also may request a METRO Discount Photo ID Card to ease access to METRO and its fare discount program.
- B. Santa Cruz METRO staff will maintain and implement procedures to give effect to the Discounted Fare Program, and will publish on METRO's website information regarding where and how to apply for the Discounted Fare program, most particularly for anyone without the qualifying government-issued identification described above.
- C. Individuals who qualify for the Discounted Fare may decline the discount at any time and, instead, pay full fares.

IX. FREE FARE PROGRAM FOR LEGALLY BLIND PASSENGERS

- A. Legally blind individuals using the fixed-route service may ride free in the following circumstances:
 - 1. Bus operators can allow any blind individuals to ride for free, without an Access Card or other transit fare or pass, when the individual has an obvious vision disability (for example, when a service dog is observed guiding an individual who is blind or the person is using a white cane);
 - 2. When the rider uses an Access Card provided by METRO staff after (a) submitting the requisite medical certification or other certification of blindness, or (b) sufficient evidence that obtaining a medical certification is a unreasonable burden. To be certified by Santa Cruz METRO staff, the customer may schedule an appointment with the Eligibility Coordinator for an assessment and certification. The Eligibility Coordinator will verify the customer's eligibility either: (1) by confirming that the customer is already eligible to use the Discounted Fare Program or Paratransit Service due to legal blindness; or (2) through a short interview and assessment. Questions regarding certification may be submitted to: customerservice@scmtd.com
- B. To qualify for a Santa Cruz METRO Access Card, the individual must meet the following criteria: the individual's vision in their better eye, after best correction, is 20/200 or less; or the individual's visual field is must be contracted (commonly known as tunnel vision) so the widest diameter subtends an angle no greater than 20 degrees.
- C. There is no fee for an Access Card or replacement thereof.
- D. Santa Cruz METRO staff will maintain and implement procedures to give effect to this Free Fare Program, and will publish on METRO's website information regarding how to apply for this Free Fare program.
- E. Individuals who qualify for this free fare may decline their free fare and/or disabled discount at any time and, instead, pay full fares.

Attachment A

X. PARKING FEES AND RESTRICTIONS

- A. **Fees.** Parking fees for overnight parking at the Cavallaro Scotts Valley Transit Center lot are calculated per night, per automobile or motorcycle. There is a limit of 14 consecutive days/ nights of parking. Overnight parking permits may be purchased through the Passport Parking mobile payment app, or in-person at the Santa Cruz Metro Center Customer Service booth. In addition, the CEO/General Manager may authorize the sale of monthly or annual parking permits to organizations or businesses by special agreement at negotiated rates. From time to time, the General Manager/CEO may authorize an adjustment to or suspension of the parking agreements and rates stated above.
- B. **Restrictions.** The use of Santa Cruz METRO parking facilities shall be in accordance with Santa Cruz METRO Vehicle Parking Regulations and other applicable state/local rules.

Attachment B



**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
ADOPTING A MODIFIED FARE STRUCTURE AND POLICIES
EFFECTIVE WITH THE LAUNCH OF TAP2CRUZ INTEGRATED TICKETING PROJECT**

Resolution No.
On the Motion of Director
Duly Seconded by Director
The following Resolution is adopted:

WHEREAS, since its creation, the Santa Cruz Metropolitan Transit District (METRO) has established multiple policies that relate to transit fares, including policies addressing topics such as discount fare eligibility, paratransit fare calculation, bulk pass rates, eco-pass programs, university pass programs, and free fares for the legally blind, among others; and

WHEREAS, these above policies were generally combined in a Codified Tariff adopted by the Board of Directors (Board) in June 2020, but were not repealed at that time; and

WHEREAS, since that time, METRO has adopted a mobile ticketing application, introduced the Youth Cruz Free program, and later this year, will introduce Tap2Cruz, a new way for riders to pay for METRO fixed routes using any contactless Europay, MasterCard or Visa (EMV) bank card or mobile wallet; and

WHEREAS, with the launch of Tap2Cruz, METRO will be able to offer discount fare benefit programs through the State of California's Integrated Travel Project (Cal-ITP) and introduce fare caps that enable frequent riders to enjoy the discounts associated with period passes – such as a day pass or 31-day pass – without requiring advance payment; and

WHEREAS, staff recommends the Board replace METRO's Codified Tariff with a new Fare Structure and Policies, to take effect upon the launch of Tap2Cruz, that corresponds to the way in which METRO will collect fares and enroll riders for discount fare benefit programs under the State's Cal-ITP program and Tap2Cruz, and that will:

- Maintain current pricing;
- Simplify the fare structure by eliminating underutilized pass products, align benefit eligibility with Statewide standards, and implement daily and 31-day fare capping; and

Attachment B

Resolution # _____

Page 2 of 3

- Incentivize use of Tap2Cruz, through a \$1.00 discount on Tap2Cruz Local Day Caps for Adult riders (and a \$0.50 discount on Tap2Cruz Local Day Caps for Discount riders); and

WHEREAS, staff further recommends that the Board formally repeal the Codified Tariff adopted pursuant to Resolution 20-06-04, as well as the fare-related policies that were generally superseded by the Codified Tariff; and

WHEREAS, METRO has solicited public input on the proposed new Fare Structure and Policies; and

WHEREAS, METRO has considered the equity impacts of the proposed new Fare Structure and Policies, and concluded that all populations, including minority and low-income riders, are expected to pay decreased fares due to the benefits provided by proposed one-day and 31-day fare capping.

NOW, THEREFORE, BE IT RESOLVED that the METRO Board of Directors (Board) hereby adopts the Santa Cruz Metropolitan Transit District Fare Structure and Policies, attached to this Resolution as Attachment A; and

BE IT FURTHER RESOLVED that the Board hereby repeals:

- METRO's Codified Tariff, adopted on June 28, 2020 pursuant to Resolution 20-06-04;
- Chapter 5, Title III of the METRO Administrative Code, Issuance of Complimentary Bus Passes, updated most recently by Resolution No. 16-04-01;
- AR-1029, Older Adult, Persons with Disabilities and Legally Blind Persons Fixed Route Discount Fare Program (Discount Fare Program), updated most recently by Resolution No. 20-02-07; and
- AR-1031, Smart Card Policy, update October 23, 2015; and

BE IT FURTHER RESOLVED, that the Board authorizes staff to adopt implementing procedures as may be required to give effect to the new Fare Structure and Policies.

PASSED AND ADOPTED this 27th day of March, 2026.

AYES: Directors -

NOES: Directors -

Attachment B

Resolution # _____
Page 3 of 3

ABSTAIN: Directors -

ABSENT: Directors –

APPROVED:

MANU KOENIG, Board Chair

ATTEST:

COREY ALDRIDGE, CEO/General Manager

APPROVED AS TO FORM:

JULIE SHERMAN, District Counsel

- THIS PAGE INTENTIONALLY LEFT BLANK -



Proposed Change to Santa Cruz Metropolitan Transit District Fare Structure and Policies in Support of Integrated Ticketing Project

Prepared For: Santa Cruz Metropolitan Transit District

Prepared By: Andrew Amey

Date: March 5, 2026 (Revised Memo, based on February 27, 2026 METRO Board of Directors Meeting deliberation)

1 Fare Policy Background & Context

1.1 Summary of Revisions to Original Memorandum

At the Santa Cruz Metropolitan Transit District (“METRO”) February 27, 2026, Board of Directors Meeting, METRO staff presented a proposed Draft Revised Fare Structure and Policies as an informational item for the Board’s consideration and asked the Board to open a public comment period before adoption of the proposed Fare Structure and Policies. The proposed Fare Structure and Policies includes several updates to METRO’s existing fare products, fare media, sales channels and pricing.

One proposed policy change would have reduced the price of a Local, Adult, Day Pass from \$6.00 to \$5.00, and it would have reduced the price of the Local, Discount, Day Pass from \$3.00 to \$2.50. This proposed pricing would have also been applied to METRO’s proposed new Daily Fare Caps as part of the introduction of the Tap2Cruz¹ fare payment system.

Given METRO’s ongoing focus on fiscal stewardship, Board members questioned the decision to decrease the price of a Day Pass at this time. METRO staff have now proposed retaining the existing Day Pass pricing in the Revised Final Draft Fare Structure and Policies that are scheduled for discussion at METRO’s Planning and Projects Standing Committee meeting on March 17, 2026, and adoption by the METRO Board at its March 27 2026, meeting. If adopted as currently drafted, the Revised Fare Structure and Policies would establish reduced pricing for Local, Daily Fare Caps, as a promotional incentive to shift riders away from cash payment and to try METRO’s new Tap2Cruz service. The initial Local, Adult, Daily Fare Cap price will be \$5.00, and the initial Local, Discount, Daily Fare Cap price will be \$2.50. Local, Day Pass prices purchased via any of METRO’s existing fare sales channels would remain unchanged at \$6.00 for Adult riders and \$3.00 for Discount riders.

This updated technical memorandum reflects the proposed revisions to the Draft Fare Structure and Policies, including updated financial and equity impacts.

¹ Tap2Cruz is METRO’s new contactless bank (credit/debit/mobile wallet) card acceptance program

Attachment C

1.2 Integrated Ticketing Project Initiation

In 2023, METRO applied for and was awarded funds from the California Transit and Intercity Rail Capital Program (TIRCP) Cycle 6 for the implementation of an integrated ticketing project. The vision outlined in the grant was to implement a contactless fare payment system with hardware and software purchased in part from one of the California Department of General Services (DGS) Master Service Agreements (MSAs).

To support the project, METRO has been engaging with the California Integrated Travel Project (Cal-ITP), which is a Caltrans initiative to improve the public transit customer experience by helping transit agencies introduce simplified fare policies and fare payment equipment, as well as real-time bus departure information. In early-2025, Cal-ITP analyzed METRO's fare policies and customer utilization of different passes, fare media, and payment methods, and gave a presentation to METRO's Board on February 28, 2025. Cal-ITP developed a project vision and principles for METRO that aim to:

- Improve the ease of paying for transit across all rider communities
- Ensure an equitable rider experience regardless of payment method
- Avoid vendor lock-in and modularize technology offering with interoperability
- Increase data access availability for planning and analysis purposes
- Reduce costs to Santa Cruz METRO for the fare collection system components
- Minimize timeline to deployment and launch

1.3 Analysis of the Cost of Fare Collection

In support of the project principles proposed by Cal-ITP, namely reducing the cost of fare collection system components, METRO undertook a review of the cost of collecting fares across existing sales channels, and a forecast of future Integrated Ticketing Project costs.

Currently, METRO's two largest fare collection sales channels are the GenFare Odyssey® fareboxes onboard the vehicles, and METRO's SplashPass (white-labeled mobile ticketing app powered by Masabi). METRO's GenFare fareboxes have reached the end of their useful life, and the cost of maintaining the fareboxes and acquiring spare parts has become increasingly challenging and costly. Beyond in-house operating costs, METRO contracts with an armored vehicle service (Garda World) to collect, transport and count farebox revenue. METRO contracts with Masabi to host and support the mobile ticketing app.

Based on an analysis of fiscal year 2025 (FY25) expenditure and fare revenue data by sales channel, it is estimated that METRO's total cost of cash collection is approximately 20 percent, and its estimated mobile app cost is approximately 10 percent of ticket sales. Stated differently, METRO pays \$0.20 for every dollar of fare revenue collected through the farebox and \$0.10 for every dollar of fare revenue collected through the SplashPass mobile ticketing app.

An analysis of the fee structure for the future Integrated Ticketing Project, including operating expenses for hardware, software and financial settlement, suggests that the cost of fare collection will be approximately five percent or less.

This analysis helps validate the project principles outlined by Cal-ITP for the METRO project, and provides a strong impetus to encourage Integrated Ticketing Project adoption to reduce costs, once the system is live.

Attachment C

1.4 Fare System Simplification

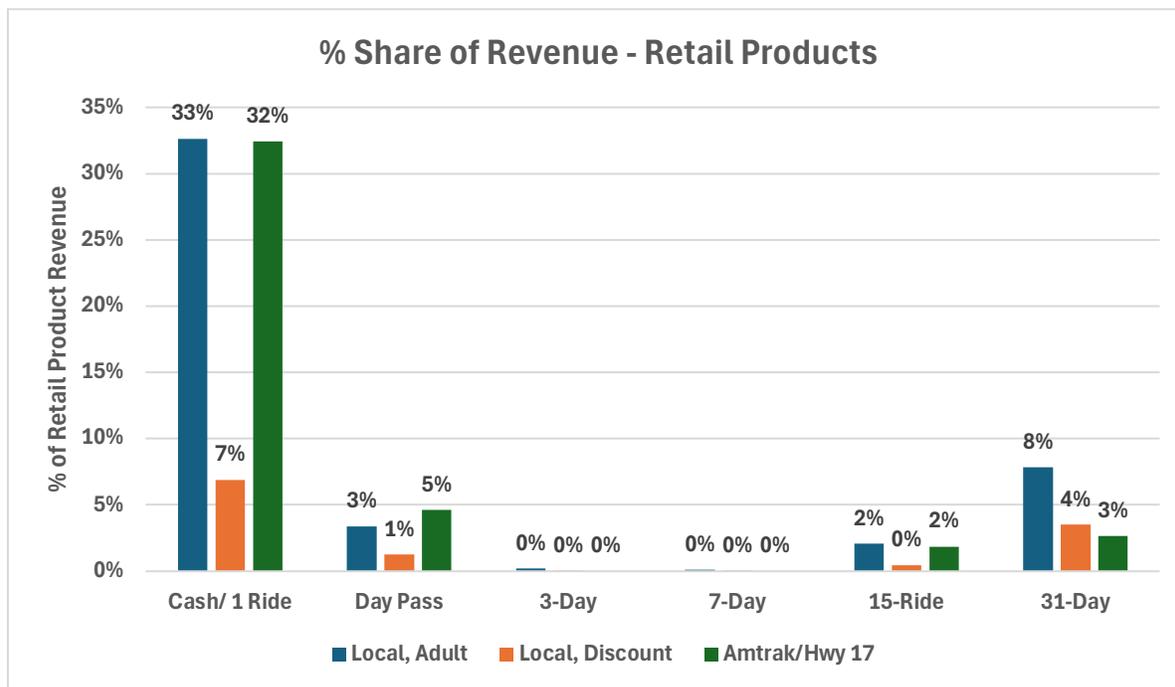
The project vision and principles aim to improve the ease of fare payment for all of METRO’s customers. In the coming months, METRO will aim to take additional policy steps to simplify the fare payment experience for specific groups of customers, as system functionality becomes available. These actions will aim to simplify the customer experience while reducing operating expenses for METRO. Further informational updates will be provided to the Board prior to any fare system policy changes.

2 Summary of Proposed Fare Policy Changes

In the informational update to the Board on the Integrated Ticketing Project on February 28, 2025, Cal-ITP made several fare policy recommendations, including:

- Maintain current pricing as it is generally in line with guidelines
- Simplify fare structure by eliminating underutilized pass products and implementing fare-capping so customers don’t have to pay upfront for a pass to get the savings that come from a pass

Since the informational update, Santa Cruz METRO staff have evaluated the fare product mix and considered how to simplify the current fare structure. The most popular products remain the One-Ride Pass, the Day Pass and the 31-Day Pass. These three products account for over 95 percent of retail fare product revenue. The 3-Day Pass, 7-Day Pass and 15-Ride tickets account for only 4.7 percent of retail product fare revenue (1.5 percent of systemwide, fixed route fare revenue) and 4.5 percent of retail fare product ridership (1.1 percent of systemwide, fixed route ridership).



Attachment C

Based on this context and Cal-ITP’s recommendations, Santa Cruz METRO is proposing the following fare changes as the first step towards the longer-term implementation of a fare collection system that prioritizes simplicity and cost-effective revenue collection:

- Elimination of the 3-Day Pass, 7-Day Pass and 15-Ride book. These products would be eliminated across all fare media options and sales channels.
- Acceptance of contactless fare media, including credit cards, debit cards (including prepaid debit cards) and mobile wallets, for fare payment once fare collection system components are available. A Daily fare cap and rolling 31-Day fare cap would be implemented at the time of the Tap2Cruz system launch. Fare capping is an increasingly prevalent feature in electronic fare collection systems globally. Fare-capping provides frequent riders with discounted travel similar to a Pass product, but without having to pay upfront or guess whether or not they will ride enough for it to pay off. Tap2Cruz with fare capping will be an additional fare payment option; METRO customers will continue to be able to pay with cash on-board the vehicles or pre-purchase period pass products including the Day Pass and 31-Day Pass during the Tap2Cruz launch period.
- When Tap2Cruz fare payment is launched, the initial Local, Adult, Daily Fare Cap will be set at \$5.00 and the initial Local, Discount, Daily Fare Cap will be set at \$2.50. These prices are intentionally lower than the existing Day Pass price (Existing Day Pass product pricing will remain unchanged at \$6.00 for Adults and \$3.00 for Discount eligible customers) for passes sold on existing fare media. The price discount for Tap2Cruz is designed to shift rider payment preference to the lowest-cost sales channel.
- The age threshold to qualify for the Older Adult fare discount will be increased from age 62 to age 65, to simplify automated discount eligibility verification through the Tap2Cruz system. While this policy change would apply to all Santa Cruz METRO customers, staff plan to design a phased implementation for the policy for those customers between the ages of 62 to 64 years of age.
- The definition of Person with a Disability would be modified, specifically for Veterans with a service-connected disability. The requirement to have a service-connected disability rating level of 50 percent or higher would be removed entirely. Effectively, all Veterans would become eligible under the Person with a Disability definition and would be eligible for a Discount fare.

3 Anticipated Fare Revenue Impacts

A basic fare model was developed to evaluate the potential impacts on fare revenue. A baseline model was created, using data from FY25.

The main revenue data sources included the GenFare fareboxes, SplashPass app ticket sales, retail point of sale (at METRO’s In-Person Customer Service Centers) and website ticket sales. Retail and web sales are currently processed by Block, Inc. (d.b.a., “Square”).

The main sources of ridership data included the GenFare fareboxes, SplashPass ticket activations, and METRO’s automatic passenger counter (APC) data provided by Clever Devices. Revenue and ridership data was segmented by service type (Local, Hwy 17), rider category (Adult, Discount, Youth, Student), and fare product.

Attachment C

A scenario version of the model was created, to evaluate fare revenue impacts from the proposed policy changes. To model the anticipated changes from the elimination of the 3-Day Pass, 7-Day Pass and 15-Ride tickets, the ridership from those products was “shifted” to the most likely alternative product.

- In the case of the 3-Day and 7-Day passes, it was assumed the customer would purchase a Day Pass.
- In the case of the 15-Ride tickets, the customer was assumed to shift to the One-Ride Pass.
- Product usage rates and fare prices were updated for those specific customer segments, and fare revenue was recalculated.

To model the impacts of the lower priced Daily Fare Cap, existing One-Ride Pass and Day Pass customers were split into two groups; those that would likely adopt Tap2Cruz fare payment and take advantage of fare capping, and those that would remain purchasers of existing fare media.

To determine the approximate share that would be likely to adopt Tap2Cruz, data from METRO’s 2025 Onboard Survey was used.

- Survey respondents were asked, “How do you usually pay for everyday items like coffee or small food items?”
- This question provides an indication not only of whether a customer has access to media such as a credit card, debit card or mobile wallet, but also how comfortable they are using these media types.
- This question provides a conservative assessment of how many customers may shift to Tap2Cruz.

For example, a survey respondent may indicate that they have a credit card available to them, but prefer to use cash for smaller, everyday purchases. In this case, the modeling assumes that the customer continues to pay with cash. The survey indicates that **approximately 70 percent of Adult respondents, and approximately 60 percent of Discount eligible respondents, might be willing to shift to Tap2Cruz, based on their existing purchase behavior for everyday items.**

Revenue impacts from changes to the Older Adult age definition and Veteran service-connected disability definition were not modeled, as data does not readily exist on the size of these customer segments.

The largest anticipated fare revenue impact is expected to come from the introduction of fare capping.

Fare capping impacts were modeled using data from the GenFare farebox data and SplashPass ticket activation data. The analysis was limited to Day Passes and 31-Day passes, as these are the only period pass products that METRO will offer as a fare cap. Additional assumptions were made regarding the potential fare capping impacts from One-Ride Pass customers reaching a Daily Cap or 31-Day Pass cap.

The fare capping analysis suggests somewhat minimal revenue impacts from One-Ride Pass customers, ranging from a two to three percent reduction in revenue. The impacts from Day Pass and 31-Day Pass customers are more substantial, ranging from a 12 percent to 39 percent reduction in revenue depending on service type and rider category. Day Pass and 31-Day Pass revenue accounts for 6.6 percent of systemwide, fixed route fare revenue, so the impact on total fixed route fare revenue is somewhat muted.

Attachment C

The net impact in fare revenue anticipated from the proposed changes to METRO’s Fare Structure and Policies amounts to a slight reduction of approximately -1.7 percent, or about \$155,000, per fiscal year. The majority of the impact is from the introduction of fare capping benefits through the Integrated Ticketing Project. An earlier version of this memo found a reduction in revenue of approximately two percent, or about \$182,000 per year.

Anticipated Fare Revenue Impacts from Policy Changes		
	Revenue, Revenue Change	% Change
Systemwide, Fixed Route Revenue	\$9,185,940	
Day Pass Price / Product Elimination	-\$5,000	-0.1%
Fare Capping	-\$150,000	-1.6%
Fixed Route Fare Revenue Impact	-\$155,000	-1.7%

4 Anticipated Equity Impacts

The Federal Transit Administration (FTA) establishes criteria for transit agencies who receive federal funds to conduct assessments to demonstrate non-discrimination of services and facilities for minority and low income communities. Santa Cruz METRO does not operate in a large urbanized area; therefore, FTA’s requirements for analyzing major service and fare changes under Title VI of the Civil Rights Act of 1964 do not apply to METRO’s service and fare changes. Instead, Santa Cruz METRO is encouraged to evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether these changes will have a discriminatory impact on minority and low-income individuals.

Santa Cruz METRO aims to minimize negative impacts on protected populations, or maximize positive benefits to protected populations where possible.

Evaluation of the anticipated equity impacts from this fare policy change was considered throughout the planning states of the fare change. To evaluate the impacts on customers, an average fare analysis was undertaken.

- Customers were segmented by service type, rider category, and fare product, and then further segmented by demographics including the share of minority vs. non-minority customers in each segment, and the share of low-income vs. non low-income customers in each segment.
- The weighted average change in the average fare was calculated across all four demographic groups, and the change between protected populations (minority, low-income) was compared to the change in average fare for non-protected populations (non-minority, non low-income).
- Segmentation by service type, rider category and fare product was undertaken through the development of the FY25 baseline fare model. This provided the current and anticipated average fare per boarding for each customer segment.

Attachment C

Demographics for customer segments were estimated through analysis of Santa Cruz METRO’s 2025 Onboard Survey.

- The 2025 Onboard Survey gathered 1,980 customer surveys across fixed route services throughout the months of March and April, 2025. Based on the survey design, respondents were split into a limited number of customer segments separated by Local and Hwy 17 services.
- The survey suggests that the largest share of minority respondents are Youth customers, UCSC students and Cabrillo students.
- The largest share of low-income respondents are Local, Discount customers, UCSC students and Cabrillo students.

The demographic results from the 2025 Onboard Survey are summarized in the following table:

Customer Demographics - 2025 Onboard Survey				
Local Service				
<u>Customer Segment</u>	<u>Minority</u>	<u>Non-Minority</u>	<u>Low-Income</u>	<u>Non Low-Income</u>
Adult, 1-Ride & Day Pass, Existing Media	55%	45%	43%	57%
Adult, 1-Ride & Day Pass, Shift to Tap2Cruz	47%	53%	33%	67%
Adult, 31-Day Pass	64%	36%	55%	45%
Disc., 1-Ride & Day Pass, Existing Media	44%	56%	72%	28%
Disc., 1-Ride & Day Pass, Shift to Tap2Cruz	51%	49%	49%	51%
Discount, 31-Day Pass	35%	65%	65%	35%
Youth, K-12	68%	32%	34%	66%
Student, UCSC	68%	32%	68%	32%
Student, Cabrillo	71%	29%	72%	28%
All Local Service	61%	39%	54%	46%
Hwy 17 Service				
<u>Customer Segment</u>	<u>Minority</u>	<u>Non-Minority</u>	<u>Low-Income</u>	<u>Non Low-Income</u>
Full Fare	62%	38%	37%	63%
Discount	55%	45%	50%	50%
All Hwy 17 Service	62%	38%	37%	63%

Applying the demographic statistics to the FY25 average fares for each customer segment produces a systemwide, weighted average change in average fare for minority, non-minority, low-income and non low-income customers. The results for each group are summarized in the table on the following page.

Attachment C

Systemwide Weighted Average Change In Average Fare For Minority, Non-Minority, Low-Income, and Non Low-Income Customers										
	<u>All Customers</u>		<u>Minority</u>		<u>Non-Minority</u>		<u>Low-Income</u>		<u>Non Low-Income</u>	
	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>
Average Fare	\$1.77	\$1.73	\$1.78	\$1.76	\$1.74	\$1.70	\$1.82	\$1.79	\$1.69	\$1.65
% Chg. in Average Fare		-1.9%		-1.5%		-2.5%		-1.5%		-2.4%
Diff. in Average Fare for Protected Populations				-1.0%				-0.9%		

Attachment C

Across all populations, protected and non-protected, the average fare paid by a customer is expected to decrease due to the benefits provided by fare capping. Across all customers, the average fare is expected to decrease by 1.9 percent. For minority customers, the average fare is expected to decrease by 1.5 percent compared to a 2.5 percent average fare decrease for non-minority customers. This implies that the benefits of the fare change are anticipated to be approximately one percent greater for non-minority customers than for minority customers. An earlier version of this memo determined that the benefits of the fare change were anticipated to be approximately 1.2 percent greater for non-minority customers than for minority customers.

Similarly, for low-income customers, the average fare is expected to decrease by 1.5 percent compared to a 2.4 percent average fare decrease for non low-income customers. This implies that the benefits of the fare change are anticipated to be approximately 0.9 percent greater for non low-income customers than for low-income customers. An earlier version of this memo determined that the benefits of the fare change are anticipated to be approximately 0.9 percent greater for non low-income customers than for low-income customers. While these changes are not as beneficial to protected populations, the percentage systemwide impact is minimal, and the policy changes of offering fare capping benefits and decreasing the Daily fare cap price are attractive to a sizeable portion of Santa Cruz METRO customers.

- THIS PAGE INTENTIONALLY LEFT BLANK -



Technical Memo #1: Analysis of Fare Capping Impacts

Prepared For: Derek Toups, Santa Cruz METRO Transit District

Prepared By: Andrew Amey, Amey Consulting

Date: February 17, 2026

This memo summarizes the data sources used, key assumptions and anticipated impacts of introducing fare capping to Santa Cruz METRO's fare structure. Based on feedback from Santa Cruz METRO team members, modeling was undertaken to understand the impacts of (1) a Day cap with a 7-Day rolling fare cap, and (2) a Day cap with a 31-Day rolling fare cap. Both capping scenarios were evaluated with three different Local, Day cap prices ranging from \$4.00 to \$6.00 (\$2.00 to \$3.00 for Discount customers).

It is important to note that these estimates do not take into account the potential change in ridership behavior due to shifts in customer fare product choice, however, even modest shifts in fare product choice are unlikely to dramatically impact the overall results.

1 Overview of Fare Capping

Santa Cruz METRO's upcoming acceptance of contactless credit cards, debit cards (including prepaid debit cards) and mobile wallets through the fare payment system facilitated by the California Integrated Travel Project (Cal-ITP) was the impetus for evaluating fare capping impacts. Cal-ITP envisions a much simpler customer fare payment experience whereby customers simply tap contactless fare media that are widely available (credit cards, debit cards, mobile wallets) and customers receive similar benefits to period pass products through fare capping, without the need to pre-purchase products or acquire agency-specific fare media.

Fare capping is an increasingly popular fare policy benefit whereby customers' fares "cap out" at the price of a pass. As an example, if implemented within Santa Cruz METRO's current fare structure, customers would continue to pay for trips valid for 2-hour periods at a price of \$2.00 per trip, but once they reach a total spend of \$65.00 (Adult, 31-Day Pass price) they would be "capped out" and all further Local travel during that 31-day period would be free of charge. In addition to a rolling 31-Day fare cap outlined in the example above, Santa Cruz METRO is also considering a Daily fare cap and 7-Day rolling fare cap.

This memo focuses on the potential revenue impact of fare capping. Beyond the revenue implications, additional considerations for Santa Cruz METRO to consider include the equity impacts of introducing fare capping, the availability of contactless fare media across different customer populations, and broader changes to the fare collection technology mix to meet customer needs while reducing the cost of fare collection.

Attachment D

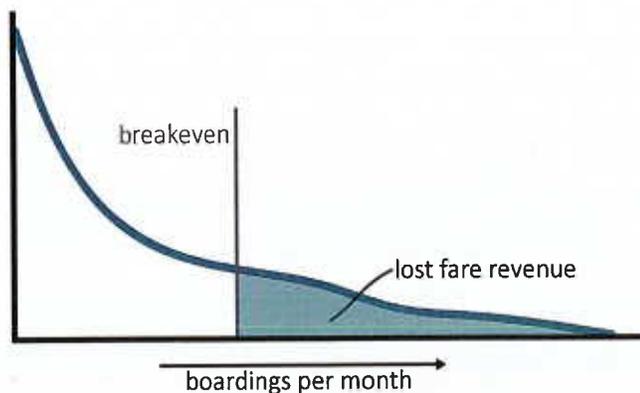
2 Background

In order to understand the revenue impacts of fare capping, this analysis evaluates the frequency of use by fare product by individual customer in order to determine which customers would reach a fare cap based on observed, historic usage. The fare capping analysis focuses on the revenue impacts of introducing a daily fare cap in combination with either a rolling 7-Day cap or a rolling 31-Day cap.

Fare capping impacts for Santa Cruz METRO are assumed to be limited to retail products; negotiated agreements with institutions, employers, and other organizations are excluded from the analysis. Within retail fare product offerings, the analysis focuses on the fare products representing the largest share of ridership, namely the single-ride fare, day pass and 31-Day pass.

There are two primary types of revenue loss that occur when introducing fare capping:

- **Customers who currently pay for each trip, but ride frequently enough to reach a daily, 7-Day or 31-Day cap.** Historically, customers that pay for each trip using electronic fare media would pay the Local, Single-Ride fare (\$2.00 for Adults, \$1.00 for Discount customers) for each unique trip with no limit on how much they could spend in a day, 7-day or 31-day period. With fare capping, once the customer reaches a specified spending limit (or “cap”), no further fare would be charged for subsequent trips within that time period and no additional revenue would be generated for Santa Cruz METRO. For example, an Adult customer who currently spends \$70.00 in Single-Ride passes in a given 31-Day period (35 single ride passes at \$2.00 each) that transitions to a contactless, credit/debit card or mobile wallet with fare capping would pay for fares for the first 32.5 trips (breakeven number of trips, equal to the \$65.00 cap), and all subsequent travel would be free for the remainder of the 31-Day period. In this example, Santa Cruz METRO would see a reduction of \$5.00 from that customer, due to the implementation of the fare cap. It is worth noting that customers would need to choose to adopt a contactless, credit/debit card or mobile wallet to take advantage of the benefits of fare capping. The diagram below demonstrates that pay-per-trip customers result in a revenue loss for the agency when their current frequency of travel exceeds the breakeven number of trips.



(Fig)

Attachment D

- 7-Day or 31-Day passholders who currently purchase a pass, but do not ride frequently enough to reach the breakeven.** Historically, customers that purchase a 7-Day rolling pass or 31-Day rolling pass provide Santa Cruz METRO with revenue upfront in exchange for the pass product. If the customer uses the product 1 time or 80 times has no impact on agency revenue; the upfront payment is recorded and no refunds are issued. With fare capping, passholders would pay for only those trips undertaken. Once the customer reaches a specified spending limit (or “cap”), no further fare would be charged for subsequent trips within that time period. If Santa Cruz METRO has a customer currently receiving a 31-Day rolling pass (perhaps receiving it from an employer) and using it for 20 single-ride trips, the agency would receive \$65.00 for the pre-purchased rolling pass, but would only receive \$40.00 under a capping scenario (20 single trips at \$2.00 each). This represents a \$25.00 revenue reduction for Santa Cruz METRO. The diagram below demonstrates that pre-purchased pass customers result in a revenue loss for the agency when their current frequency of travel is less than the breakeven number of trips.



(Fig)

3 Fare Capping Analysis Methodology

Different fare products often exhibit notably different revenue impacts, so it’s important to understand the existing distribution of revenue by fare product. Systemwide fare revenue was analyzed and segmented for FY25. Retail fare products were separated from institutional/invoiced revenue sources. For the fare capping analysis, the products of greatest interest were Cash/One-Ride passes, Day passes and 31-Day passes. Together, these three products account for 27% of systemwide, fixed route fare revenue.

are Product	FY25 Revenue	FY25 % Revenue Share
	\$1,851,205	
	\$240,527	
1-Day	\$363,085	4.0%
	\$138,060	
	\$6,593,064	

Attachment D

This distribution of revenue, with such a substantial share of revenue from institutional/invoiced revenue sources, is rather unique among medium sized transit agencies and highlights the importance of the presence of UCSC and Cabrillo College. From a fare capping perspective, this substantial share of institutional fare revenue helps to minimize potential fare capping revenue impacts as a percentage of systemwide revenue.

3.1 Methodology & Assumptions

Data for the analysis came from two primary sources; transaction-level data from the GFI fareboxes, and individual product activation data from Masabi, Santa Cruz METRO's mobile ticketing provider.

Santa Cruz METRO's Genfare fareboxes record a myriad of details on operations of the vehicle, including the purchase and validation of specific fare products. Twelve months of transactions for FY25 were imported into a database and non-fare transaction data was removed. Transactions for Day Passes (Adult, Discount) and 31-Day Passes (Adult, Discount & Hwy 17) were isolated and sorted by unique account ID and date/time. Since the analysis is considering daily caps, rolling 7-Day caps and rolling 31-Day caps, additional data fields were added to identify service day (3:00am to 2:59am the following day) and rolling 7-day periods.

A similar approach was undertaken with data from Masabi, Santa Cruz METRO's mobile ticketing provider. In this instance, Masabi tickets are not physically validated onboard the vehicle. Rather, customers must 'activate' a ticket or pass in order to show the product to the vehicle operator who visually validates it. Each product 'activation' is recorded in Masabi's data. Similar to the GFI farebox data, twelve months of activation data reflecting FY25 was analyzed. In this case, only 31-Day Passes (Adult, Discount & Hwy 17) were analyzed, given that the majority of Day Pass use occurs using cash or magstripe at the GFI farebox.

In undertaking the analysis, a number of assumptions were made to ensure relative accuracy in the analysis:

- GFI and Masabi transactions that occurred before July 31, 2024 and after May 31, 2025 were excluded from the analysis. Effectively the first and last month of data in the twelve month dataset were excluded. Since the existing 31-Day fare products are rolling period products, they can begin being used at any point in the month. For example, if a customer began using a 31-Day pass on June 15, 2024, it would be valid until July 16, 2024. If that customer made 20 trips in June and 20 trips in July, they would be using the product effectively with no fare capping impacts. However, with visibility only into the July transactions, this customer would appear to only be making 20 trips per month, when the pass is priced at 32.5 trips per month. If considered in the analysis, this customer would appear to result in a loss of revenue for the agency. By limiting transactions to a ~10-month period, the analysis ensures that only complete, 31-day periods are included in the analysis.
- Fare capping impacts on the vast majority of Cash/One-Ride customers could not be modeled, because recurring travel behavior could not be tracked. As such, capping impacts from other agencies that have been analyzed were used. Fare capping revenue impacts for Adult, Cash/One-Ride customers were assumed to be -2.0% and impacts for Discount, Cash/One-Ride customers were assumed to be -3.0%, in line with other agencies that have been analyzed.

Attachment D

- In the Masabi data for use of the Hwy 17, 31-Day pass, it was not possible to determine whether a trip occurred on Route 17 or whether the boarding occurred on a Local route. For this reason, all boardings in the Masabi, Hwy 17, 31-Day pass data were assumed to be trips on Route 17 and charged at the \$7.00 fare rate. In the GFI data, route was recorded so transactions could be identified as either a Local trip, and Hwy 17 trip or an Upgrade from Local to Hwy 17.
- The analysis assumes that the percentage impact by fare product would apply to 100% of transactions. However, in order to take advantage of fare capping, customers would need to choose to pay with a contactless credit card, debit card or mobile wallet. It is unlikely that 100% of Cash/One-Ride, Day Pass and 31-Day Pass customers would choose to make that transition, particularly Cash/One-Ride customers. As such, the revenue loss estimates in this memo may be slightly overstated.
- The analysis made no attempt to determine whether a pass was purchased by a retail customer, or on behalf of a customer (such as an employer purchasing on behalf of employees, or a non-profit purchasing for a client). Passes purchased on behalf of customers tend to be more lightly used, and have higher fare capping revenue impacts. Agencies typically try to provide employers and social service agencies with a pre-purchased pass option (or EcoPass / universal pass option) to reduce the risk of revenue impacts from fare capping.
- The analysis assumed that the following daily, rolling 7-Day and rolling 31-Day pricing / fare caps were in place:

Modeled Fare Caps				
	One-Ride	Daily Cap	7-Day Cap	31-Day Cap
Local	\$2.00	\$4.00 - \$6.00	\$16.00	\$65.00
Discount	\$1.00	\$2.00 - \$3.00	\$8.00	\$32.00
Hwy 17	\$7.00	\$14.00	\$35.00	\$145.00

- The analysis assumed that the following fare capping accumulation rules were in place:

Tap2Cruz Fare Capping Accumulation Rules - Adult			
Paid Tap2Cruz fares...	Fare Paid	...accumulate towards these caps	
		Local Cap (Daily, 7-Day, 31-Day)	Amtrak/Hwy 17 Cap (Daily, 7-Day, 31-Day)
Initial Boarding - Local	\$2.00	\$2.00	\$2.00
Initial Boarding - Hwy 17	\$7.00	\$0.00 (No Accumulation)	\$7.00
Transfer – Local-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A
Transfer – Local-to-Hwy17	\$5.00	N/A	\$5.00 (Fare Upgrade)
Transfer – Hwy17-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A
Transfer – MST-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A

Tap2Cruz Fare Capping Accumulation Rules - Discount			
Paid Tap2Cruz fares...	Fare Paid	...accumulate towards these caps	
		Local Cap (Daily, 7-Day, 31-Day)	Amtrak/Hwy 17 Cap (Daily, 7-Day, 31-Day)
Initial Boarding - Local	\$1.00	\$1.00	\$1.00
Initial Boarding - Hwy 17	\$3.50	\$0.00 (No Accumulation)	\$3.50
Transfer – Local-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A
Transfer – Local-to-Hwy17	\$2.50	N/A	\$2.50 (Fare Upgrade)
Transfer – Hwy17-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A
Transfer – MST-to-Local	\$0.00	Free Transfer (No Accumulation)	N/A

Attachment D

4 Fare Capping Analysis Results

As noted earlier, modeling was undertaken assuming two scenarios of fare capping; (1) a Daily cap with a 7-Day rolling fare cap, and (2) a Daily cap with a 31-Day rolling fare cap. Both capping scenarios were evaluated with three different Local, Daily cap prices ranging from \$4.00 to \$6.00 for Adults (\$2.00 to \$3.00 for Discount customers). The results are summarized in the following sections.

4.1 Fare Capping, with \$6.00/\$3.00 Day Cap

Fare Capping results for the two scenarios considered with a \$6.00 Local, daily fare cap for Adults and a \$3.00 Local, daily fare cap for Discount customers are reflected in the table below. The results suggest minimal revenue impacts for Cash/One-Ride customers, based on the assumptions made in the analysis. The impacts for existing Day Pass and 31-Day Pass customers are more substantial, ranging from -46% to -48% for Day Pass customers, and from -12% to -37% for 31-Day Pass customers.

The substantial revenue impacts for Day Pass customers is a function of the pricing; a Day Pass priced at \$6.00 requires 3+ paid trips to be worthwhile, yet many customers are only making 1-2 paid trips with their Day Pass. In a capping environment, Santa Cruz METRO would receive \$2.00 - \$4.00 from those customers, rather than the \$6.00 pre-purchased Day Pass revenue.

While the fare capping impacts are sizable for specific products, namely the Day Pass and 31-Day Pass, it is important to remember that these two products represent 6.6% of total, systemwide, fixed route fare revenue. The weighted, systemwide revenue impacts amount to -1.9% for either scenario, or approximately -\$178,000.

Fare Type	Service	Fare	Daily & 7-Day Cap		Daily & 31-Day Cap	
			GFI Media	Masabi Media	GFI Media	Masabi Media
Adult	Local	Cash/1-Ride	-2.0%	-2.0%	-2.0%	-2.0%
Adult	Local	Day Pass	-47.6%		-47.6%	
Adult	Local	31-Day	-36.2%	-16.9%	-36.7%	-19.0%
Discount	Local	Cash/1-Ride	-3.0%	-3.0%	-3.0%	-3.0%
Discount	Local	Day Pass	-45.6%		-45.6%	
Discount	Local	31-Day	-27.8%	-24.7%	-29.9%	-26.2%
Adult	Amtrak/Hwy 17	31-Day	-23.6%	-11.5%	-24.5%	-11.8%
Weighted, Systemwide Impact			-1.9%		-1.9%	

4.2 Fare Capping, with \$5.00/\$2.50 Day Cap

Fare Capping results for the two scenarios considered with a \$5.00 Local, daily fare cap for Adults and a \$2.50 Local, daily fare cap for Discount customers are reflected in the table below. Once again, the results suggest minimal revenue impacts for Cash/One-Ride customers. The impacts for existing Day Pass customers improve slightly, with impacts ranging from -37% to -39%. Impacts for 31-Day Pass customers remain relatively consistent, ranging from -12% to -37%.

Attachment D

For Day Pass customers, the percentage impact from fare capping is more moderate, however the decrease in the product price (from \$6.00 to \$5.00) must also be considered. When both changes are considered, overall revenue from a \$5.00 daily cap is less than with a \$6.00 daily cap.

In this iteration of the capping analysis, the weighted, systemwide revenue impacts amount to -1.9% to -2.0%, or approximately -\$182,000.

Fare Type	Service	Fare	Daily & 7-Day Cap		Daily & 31-Day Cap	
			GFI Media	Masabi Media	GFI Media	Masabi Media
Adult	Local	Cash/1-Ride	-2.0%	-2.0%	-2.0%	-2.0%
Adult	Local	Day Pass	-39.0%		-39.0%	
Adult	Local	31-Day	-36.6%	-17.4%	-37.2%	-19.4%
Discount	Local	Cash/1-Ride	-3.0%	-3.0%	-3.0%	-3.0%
Discount	Local	Day Pass	-36.9%		-36.9%	
Discount	Local	31-Day	-28.4%	-25.3%	-30.4%	-26.7%
Adult	Amtrak/Hwy 17	31-Day	-23.6%	-11.5%	-24.5%	-11.8%
Weighted, Systemwide Impact			-1.9%		-2.0%	

4.3 Fare Capping, with \$4.00/\$2.00 Day Cap

Fare Capping results for the two scenarios considered with a \$4.00 Local, daily fare cap for Adults and a \$2.00 Local, daily fare cap for Discount customers are reflected in the table below. Once again, the results suggest minimal revenue impacts for Cash/One-Ride customers. The impacts for existing Day Pass customers range from -24% to -26%. Impacts for 31-Day Pass customers remain relatively consistent, ranging from -12% to -38%.

In this iteration of the capping analysis, the weighted, systemwide revenue impacts amount to -2.0% for either scenario.

Fare Type	Service	Fare	Day Pass at \$4.00 / \$2.00			
			Daily & 7-Day Cap		Daily & 31-Day Cap	
			GFI Media	Masabi Media	GFI Media	Masabi Media
Adult	Local	Cash/1-Ride	-2.0%	-2.0%	-2.0%	-2.0%
Adult	Local	Day Pass	-26.0%		-26.0%	
Adult	Local	31-Day	-37.2%	-18.0%	-37.8%	-19.8%
Discount	Local	Cash/1-Ride	-3.0%	-3.0%	-3.0%	-3.0%
Discount	Local	Day Pass	-23.9%		-23.9%	
Discount	Local	31-Day	-29.0%	-25.9%	-31.0%	-27.3%
Adult	Amtrak/Hwy 17	31-Day	-23.6%	-11.5%	-24.5%	-11.8%
Weighted, Systemwide Impact			-2.0%		-2.0%	

- THIS PAGE INTENTIONALLY LEFT BLANK -