



**City of Phoenix**  
PUBLIC TRANSIT DEPARTMENT

March 12, 2009

Ms. Yvonne Hunter  
Chair  
Friends of Transit  
P. O. Box 36916  
Phoenix, AZ 85067-6916

Dear Ms. Hunter:

Thank you for your letter of January 22, 2009, regarding Valley Metro fare increases. The Phoenix Public Transit Department values our longstanding association with the Friends of Transit, and I look forward to many more years of successful partnership. It is very understandable that your board would have great interest in the proposed change to the fare system, and I hope to clarify our position on the matter, and why we believe it is vital to preserve what gains we have made in growing the transit system Valley-wide.

I am in complete agreement that we must preserve the excellent response we have had with METRO light rail's launch. We are heavily invested in the success of light rail, both operationally and financially, contributing approximately 67 percent toward light rail's total operating expenses. Just as importantly, we want to sustain the city's portion of the bus system as a viable option for all our customers, as it carries the majority of the region's ridership. Support of the bus system, through this fare increase, will in the end be helpful for both services.

As you note in your letter, Phoenix is navigating budget deficits at levels never seen before. The Public Transit Department has been particularly hard-hit with budget shortfalls. The primary source of our funding, the Transit 2000 sales tax, has declined further and faster than even Phoenix's General Fund revenue. This, coupled with an increase in operating costs, puts us in the unenviable position of finding other sources of revenue generation, or making substantial, additional cuts to service, on top of already reduced hours of operation.

The Phoenix Public Transit Department recommended to city council the adoption of a fare increase as the best course of action. Due to significant public comment against cutting transit service, and the public's expressed willingness to pay higher fees for many city services during Phoenix's recent budget hearings, it was believed that such an increase would be preferable to service reductions.

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Without some manner of fare increase, the city's bus fund will be operating at a deficit, by our projections possibly as soon as FY 2010-11, prohibiting any further expansion of — or restorations to — service levels citywide. Additionally, transit costs are once again rising, and it is unlikely we will see a marked reduction in fuel or other costs over the long term. In the end, it would be necessary to eliminate very active transit services, such as the Phoenix Neighborhood Circulators, and to reduce frequency on arterial routes. Though we know a fare increase would pose a hardship to some of our riders, we believe the ultimate loss of transportation would be even more detrimental.

To maintain the bus system's dependability and accessibility, we will be preserving any bus fund overages generated from the proposed fare increase to restore eliminated services, restore hours of service, or other necessary improvements. While we work toward that goal, a higher than typical farebox recovery rate may occur, however we believe it will best serve our customers in the long term.

We have worked with our municipal partners at Valley Metro RPTA and settled on a compromise that is suitable for the parties involved. The Valley METRO RPTA board will vote on a 50 cent fare increase, or \$1.75 one-way fare, at its March board meeting, with the Phoenix City Council likely to adopt a fare ordinance soon after.

We wholeheartedly agree that the success of METRO light rail is a must, and our department continues to invest significant resources to that end. The latest ridership reports from METRO show an even higher than expected response to the service, above the target of 26,000 daily boarding's projected, and we believe ridership will continue to be strong even with the proposed fare increase. In addition, our staff will work closely with METRO to ensure continued, effective outreach to our passengers about light rail.

I hope that this information is helpful in explaining our position, and our support for the proposed fare increase. We genuinely do believe it is in the best interests of our riders, and the transit system as a whole. If you would like to discuss these details further, please feel free to contact me at your earliest convenience.

Sincerely,



Debbie Cotton  
Public Transit Director