Transit Fare Strategy for the Tahoe Basin

1. EXECUTIVE SUMMARY

Transit services in the Lake Tahoe Basin are currently operated fare-free across most systems, improving access, reducing barriers to use, and supporting regional goals of congestion reduction and environmental sustainability. However, as pandemic-era relief funding expires and operating costs rise, several transit providers face structural funding gaps. In response, the regional Transit Working Group (TWG) developed this framework to guide coordinated decision-making regarding potential fare reintroduction. This strategy is intended to provide a blueprint with guidance on requirements and guidelines, while leaving flexibility to the operators.

The document evaluates financial, operational, equity, and governance considerations associated with reintroducing fares. While modest fares would not fully close funding gaps, they could provide a recurring revenue stream, help manage demand on high-cost services, and support long-term sustainability. At the same time, fare reintroduction carries risks, including ridership loss, particularly among low-income and transit-dependent riders, added administrative costs, and increased operational complexity. Equity compliance under federal Title VI and ADA requirements would be mandatory.

1.1 RECOMMENDATIONS

Utilizing the cost-benefit analysis and policy research included in this document, the TWG recommends transitioning from a uniform fare-free system to a targeted, service-based fare model pending agency approvals and public outreach. Given the importance of maintaining agency autonomy around the basin, TWG partners are providing general recommendations and guidance, and any service-specific decisions will need to be vetted by each agency's staff and boards. The TWG recommends the following fare implementation strategy for Tahoe transit operators:

- **Maintain Fare-Free Service:**
  - Local/community fixed-route services serving Community Priority Zones.
  - Paratransit (with ADA compliance).
  - Commuter routes (due to already low ridership and limited revenue potential).
- **Introduce Modest Fares On:**
  - Microtransit/on-demand services (to manage demand and improve efficiency).
  - Seasonal and recreation-focused routes (where visitor demand is stronger and price sensitivity is lower).
- **Implement a Consistent Regional Fare Structure:**
  - Maintain required discounts for qualifying transit-dependent riders.
  - Implement fare capping.
  - Set consistent rates across service types.
  - Ensure all ticketing software and/or digital payment systems are synonymous with other software employed around the region.

2. INTRODUCTION

Transit services in the Tahoe Basin provide mobility, access to essential services and recreation, and year-round sustainable transportation for residents and visitors. A number of public and private providers operate across jurisdictional boundaries, offering a mix of fixed-route, seasonal, and on-demand services designed to reduce vehicle trips, improve community connectivity, and advance regional transportation goals. Since 2020, most services have been offered fare-free, lowering barriers to access and increasing transit's competitiveness with the car.

As operating costs rise and several transit agencies face funding challenges, operators are independently assessing whether to reintroduce fares on select services. These discussions are occurring at different times and under different financial and governance contexts, and any fare-related decisions will ultimately be made by each agency's respective board or governing body. However, given the highly interconnected nature of transit services in the Lake Tahoe Region, fare decisions made by one provider can have implications for riders, operations, and public perception across the region.

2.1 REGIONAL GOALS/PURPOSE

The Transit Working Group (TWG), an informal collaborative of public and private transit providers, aims to coordinate future fare strategies and implementation. With the support of the TWG, the purpose of this document is to provide a shared, regionally informed framework to support individual agency deliberations. This document includes a summary of transit fares best practices, a cost-benefit analysis to reintroducing fares, and an assessment of the impacts of fare reintroduction on different service types. Particular attention is given to equity considerations, visitor and resident travel patterns, operational feasibility, and alignment with regional transportation goals. This strategy document also explores opportunities for coordination among operators, including the potential value of consistent fare policies, aligned implementation timelines, and shared communication strategies. By centralizing analysis and recommendations, this document aims to reduce duplication of effort, promote clarity for riders, and support informed decision-making while respecting the autonomy of each individual transit provider.

3. CURRENT TRANSIT LANDSCAPE IN THE TAHOE BASIN

3.1 OVERVIEW OF PROVIDERS AND SERVICES

Several public and private operators provide local and regional public transit services in the Tahoe Region. The Tahoe Transportation District (TTD) is a bistate agency that operates public fixed route transit on the South and East Shores. The South Shore Transportation Management Association (SS/TMA), a non-profit organization, provides on-demand microtransit services to some neighborhoods in South Lake Tahoe and parts of Douglas County. Heavenly Mountain Resort also provides a free, frequent, and public winter shuttle service between its base lodges. Tahoe Truckee Area Regional Transit (TART), jointly operated by Placer County and the Town of Truckee, provides fixed route and microtransit services on the North and West Shores, and Incline Village. The South Tahoe Airporter and the North Lake Tahoe Express provide shuttles from the South and North Shore, respectively, to the Reno Tahoe International Airport. The Truckee North Tahoe Transportation Management Association (TNT/TMA) funds and contracts operations for the North Lake Tahoe Express and park and ride connections between Truckee, Tahoe City, and North Shore ski resorts.

3.2 EXISTING FARE POLICIES

CURRENT FARE-FREE CONDITIONS AND RECENT CHANGES

TTD Services:

TTD introduced fare-free service in 2020 in response to the COVID-19 pandemic. The first phases of TTD's Free-to-User Transit Program, in FY 2020/2021 and FY 2021/2022 were funded with a mix of Congestion Mitigation and Air Quality (CMAQ), Low Carbon Transit Operations Program (LCTOP), and Coronavirus Aid, Relief, and Economic Security Act (CARES) funding. The program has largely been

sustained since 2020 with CMAQ funding through TRPA's Regional Grant Program, with the most recent award of $1M in the 2025 grant cycle. TTD plans to continue to offer zero-fare service on all transit routes through September 2026. After that date, TTD may consider fares on recreational and commuter corridors, but Route 50, 55, and paratransit are guaranteed to continue to be fare-free through 2028.

Lake Link Services:

Lake Link microtransit on the South Shore has been free to the user since launching in July 2022. The service was started as a condition of the TRPA permit for the Tahoe South Event Center construction and operation. In the "Tahoe South Event Center Traffic Reduction Adaptive Management" section of the permit, the permittee must "provide a combination of fixed-route, flexible route, and on-demand transit service that is free to the user." The Lake Link microtransit service is currently meeting the required conditions set forth in the Event Center permit. Any changes to the current Lake Link fare structure could require approval from the Tahoe Blue Event Center Stakeholder Committee and possibly an amendment to the TRPA permit.

TART Services:

TART introduced its fare-free service in November 2019. The free-to-the-rider service was extended in December 2025 for an additional two-year period, keeping all fixed route services fare-free. TART also operates TART Connect, an on-demand microtransit service in North Lake Tahoe. TART Connect was free in all three of its zones at the onset, but due to funding constraints, Zone 3 (Incline Village) began charging fares in July 2025. The fares were $2 per ride for adults, youth, and seniors, and $1 per ride for persons with disabilities. As of December 11, 2025, TART Connect has suspended Zone 3 due to funding issues. The 2025 TART Systems Plan Update recommends implementing fares on TART Connect when fixed routes are operating to improve cost efficiency and reduce competition between fixed route and TART Connect services when they are both operating.

Airport & Resort Shuttles:

The South Tahoe Airporter provides shared transportation between Stateline at South Lake Tahoe to the Reno-Tahoe Airport at a rate of $32.75, one way, and $59.50 roundtrip. The South Tahoe Airporter is currently the only self-sufficient transit service in the Tahoe Basin and relies entirely on fares to sustain operations. The North Lake Tahoe Express provides service between North Tahoe and the Reno-Tahoe International Airport with one-way fares between $55 and $99. The North Lake Tahoe Express is heavily subsidized with public and private funds despite fare collection. The ski shuttles, operated by Heavenly on the South Shore, and by the TNT/TMA on the North Shore, are free to the user.

EXISTING FARE POLICIES & REQUIREMENTS

Local: The Placer County Board of Supervisors voted to extend free-to-the-rider bus service for an additional two-year period beginning December 2025 through December 2027.

Regional: Article IX of the Tahoe Regional Planning Compact provides the Tahoe Transportation District with the authority to "fix the rates and charges for transit services provided pursuant this subdivision." While TTD does not have any current regional policies related to transit fares, their authority could be

utilized to ensure a unified approach to transit fares in the future. In July 2025, the Tahoe Regional Planning Agency updated its regional fare transit policy from free transit to affordable transit, allowing more flexibility in fares. TRPA's 2025 Regional Transportation Plan recommends the collection of low-cost fares on inter-regional and recreational routes first, keeping local and community routes free. Policy 3.2 states that the region should "prioritize improving the existing transit system in Community Priority Zones and recreation sites, making it frequent, fun, and affordable."

State: Existing California Transportation Development Act (TDA) law requires transit operators to meet minimum farebox recovery ratio requirements. However, the state suspended farebox recovery ratio requirements following the significant drop in ridership and fare revenue by the COVID-19 pandemic. Assembly Bill 90 provided temporary regulatory relief for transit operators required to conform with TDA farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149 extended this relief to July 1, 2026. Once California's farebox recovery requirements return in 2026, transit operators will need to replace farebox revenue streams with another local funding source.

California recognizes the local control of transit agencies over fare policy decisions, while acknowledging the need to simplify and coordinate fares across the state. Supported by the California State Transportation Agency (CalSTA) and the California Department of Transportation (Caltrans), the California Integrated Travel Project (Cal ITP) produced Statewide Fare Guidelines that recommend a series of fare policy guidelines to make transit simpler and more cost-effective for providers and customers.[1]

Nevada does not have statewide policies on transit fares.

Federal: The Department of Transportation Americans with Disabilities Act regulations require paratransit fares to be comparable to the fare for a trip between the same points on the regular fixed route system. The one-way paratransit fare may be no more than twice the full fixed route fare for a similar trip, exclusive of discounts (Section 37.131(c)).[2] In addition to ADA policies, transit agencies receiving FTA 5307 funds are required to offer half-fare or reduced fares for seniors, people with disabilities, and Medicare cardholders during off-peak hours for fixed-route services, as a condition of funding.

> **Title VI:** In compliance with Title VI of the Civil Rights Act of 1964, the Federal Transit Administration (FTA) requires all transit agencies that receive federal funding to monitor the performance of their systems, ensuring services are made available and/or distributed equitably. A fare change or major service change triggers an equity analysis to evaluate the impacts on minority and low-income populations and ensure the change does not produce a disparate impact or disproportionate burden.[3] If an operator receiving federal funding chooses to reintroduce fares, they will be required to conduct an equity analysis in compliance with FTA

[1] California Integrated Travel Project. Statewide fare guidelines toolkit. https://resources.calitp.org/calitp/Cal-ITP.Statewide.Fare.Guidelines.Toolkit.pdf.

[2] *49 C.F.R. § 37.131(c).* Code of Federal Regulations. Title 49, "Transportation," Part 37, "Transportation Services for Individuals with Disabilities (ADA)," U.S. Government Publishing Office, 2024.

[3] FTA Circular 4702.1B: Title 6 Requirements and Guidelines for Federal Transit Administration Recipients.

requirements. Furthermore, transit agencies receiving FTA 5307 funds are required to offer half-fare or reduced fares for seniors, people with disabilities, and Medicare cardholders during off-peak hours for fixed-route services, as a condition of funding.

Per FTA, Transit agencies are not required to provide a cash collection option on buses if they can prove they would not create an undue burden for transit-dependent, low-income, or minority riders. The transit provider would likely still need to provide a cash option for fare collection to maintain accessibility, but installing fareboxes on all buses might not be required under FTA guidelines[4].

As of April 2026, these are the current FTA policies on fares. However, the federal administration is reportedly weighing a proposal that would encourage the implementation of fares by penalizing large cities (with populations over 200,000 and more than 100 buses) that provide free transit service[5].

3.3 FUNDING ENVIRONMENT

Several operators face funding shortfalls, which is one of the main drivers of the discussion to reimplement fares. During the COVID pandemic, the FTA provided one-time relief funding through the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act. As transit agencies deplete these pandemic-era relief funds, they face a looming "fiscal cliff" if they cannot secure additional funding. Additionally, from 2019 to 2022, local and state transit funding decreased across the nation. Funding shortfalls are particularly impacting TTD, which has primarily relied on formula state and federal funding. While TART is also impacted, Transient Occupancy Tax (TOT) and Tourism Business Improvement District (TBID) funding have provided more consistent and flexible transit funding and reduced TART's reliance on state and federal funding. Microtransit is less dependent on government funding, but both TART Connect and Lake Link have relied on a patchwork of short-term contributions from multiple organizations and have struggled to establish a consistent, ongoing revenue stream. Reintroducing fares may help offset rising costs and provide a sustainable revenue stream for operators.

4. CONSIDERATIONS FOR REINTRODUCING FARES

4.1 POTENTIAL BENEFITS

Reintroducing fares on select transit services in the Tahoe Basin offer several potential benefits as agencies seek to balance financial stability, service quality, and operational efficiency. While fare revenues are unlikely to offset a significant portion of operating costs, fares move the needle towards more sustainable funding and contribute to a more productive and effective transit system. Some potential benefits include:

[4] Federal Transit Administration

[5] Marquette, Chris. "Politico: DOT wants to prohibit free buses. That could be a problem for Mamdani in NYC." https://www.politico.com/news/2026/02/03/dot-free-buses-mamdani-nyc-transportation-00762546?fbclid=IwZnRzaAP4afBleHRuA2FlbQIxMQBzcnRjBmFwcF9pZAo2NjI4NTY4Mzc5AAEeAh2KAHFARxy04NAfgJFMQ6EMh0dwo9Xsbnt7L6Wnx-5I43OxpN60w3d0ohE_aem_6MelP48_AiY3IkSCrPa7AQ.

I. **Recurring Revenue Generation:** Reintroducing fares would generate recurring revenue to help offset rising operating costs, which is perhaps the most compelling reason to consider implementing fares at all. Costs associated with labor, fuel/electricity, vehicle and yard maintenance, and insurance have increased significantly in recent years. Even modest fare collection can provide a supplemental transit funding source and help sustain operations budgets over time. Additionally, fares implemented across the system may allow for lower use, but connectivity-crucial, services to continue operating.

II. **Perceived Value of Service:** Another potential benefit of reintroducing fares is that fares may reinforce the perceived value of transit services. Riders may associate a fare with a higher quality service. When paired with other system enhancements such as new buses and expanded service, riders might feel like they are paying for a premium service and the negative stigmas associated with public transit could lessen.

III. **Increased Safety:** Reintroducing fares may also contribute to improved perceptions of safety and rider comfort. Not charging fares might encourage people to use transit in ways it wasn't intended, for example as a temporary shelter. Anecdotally, TTD and TART have both cited examples of this happening within their respective systems. Unfortunately, there is not much evidence that fares in themselves discourage problematic behavior, or that they discourage people from using the service as shelter[6].

IV. **Demand Management:** For services with high demand or higher operating costs such as microtransit or seasonal recreation routes, fares can help moderate demand by deterring people from taking unnecessary trips and/or encouraging riders to use fixed route services if they are cheaper or free. For example, if modest fares were introduced on microtransit services and remained free on mainline fixed routes, riders may opt to take the fixed route service instead of paying for door-to-door service. When necessary, microtransit services can still provide critical first and last mile connections and door-to-door service when passengers are willing to pay. Overall, shifting demand to mainline fixed routes leads to a more efficient transit system, which may particularly support the introduction of fares on microtransit services.

4.2 POTENTIAL DRAWBACKS

The reintroduction of fares has the potential for several drawbacks, both to transit riders and to the transit operators, that should be considered.

i. **Reduced Ridership:** Fare elasticity is a measure of how much public transit demand (ridership) changes in response to a change in prices. According to a Policy Brief from the California Air Resources Board, among 39 agencies in the US that enacted fare-free programs, agencies in small urban and rural areas reported ridership increases ranging from 39 percent to 205 percent and resort areas 21 percent to 200 percent. While the reintroduction of fares hasn't been studied to the same degree as fare-free programs, there is consensus that fares will result in some level of lost ridership, as it adds a cost barrier. In a series of transit passenger surveys

[6] Walker, Jarrett. *Human Transit: How Clearer Thinking About Public Transit Can Enrich Our Communities and Our Lives*. Island Press, 2018, Chapter 11, "Can Fares Be Fair?"

conducted onboard TTD and TART fixed route services in 2025, riders were asked how the introduction of fares would impact their continued use of fixed route transit services. Among TART users, 60 percent of summer riders and 76 percent of fall riders said that a fare would lead them to reduce or stop using TART. Among TTD users, 54 percent of summer riders and 67 percent of fall riders reported that a fare would lead them to reduce or stop using TTD.

   a. **Possible loss of Choice Riders:** A choice rider might have access to a car or other means of personal transportation but chooses to take transit if it is a comparable or more convenient option than driving. Fare free programs have been shown to attract choice riders, and a transition to fares has the potential to lose some of these riders.

ii. **Barriers to Access for Low-income and Car-less Residents:** Low-income and car-less residents who are more dependent on transit are often referred to as foundation riders, and fares may serve as a cost barrier for these foundation riders. Data from both the fall and summer onboard passenger surveys indicates roughly one in five low-income TTD riders stated they would stop riding entirely under a fare introduction scenario, which suggests a real risk of pricing out riders who most depend on the system. TART onboard surveys also revealed that low-income riders were more sensitive to fares, particularly in the fall. If operators move toward fare implementation, the findings strongly support pairing any transition with targeted mitigation, such as income-based discounts, pass programs, or a gradual phase-in, and explicitly accounting for seasonality, with particular caution around impacts to shoulder season riders.

iii. **Increased complexity for visitors unfamiliar with local systems:** Reintroducing fares can add complexity, especially for visitors unfamiliar with the area, the local operators, the routes, the fare structure, and payment methods. Confusion can discourage visitors from using public transit, even when the service is available and convenient.

iv. **Operational costs of fare collection:** Collecting fares is expensive and involves sophisticated farebox technology, cash handling infrastructure, software, maintenance, staff processing, training, and enforcement. Oftentimes, fare revenues (particularly for smaller transit systems) may not even cover the direct costs of fare collection. Following the transition to fare-free programs in the basin, fareboxes were removed from the existing TTD and TART fleets and the newest buses were purchased without farebox infrastructure. TTD and TART would need to retrofit existing fleet with expensive collection infrastructure and hardware. As an example, Placer County recently invested $1.2 million in new fare equipment for its Placer Transit fleet despite only generating $777,770 in fare revenue in fiscal year 2024[7]. In addition to the cost of fareboxes, there are accounting costs associated with the collection and processing of fares, including picking up and counting cash, if cash is accepted. Training staff on the collection and enforcement of fares, and the potential establishment of a separate enforcement body, brings additional costs. There are also costs associated with complying with FTA reduced fare requirements.

[7] *National Transit Database: 2024 Annual Agency Profile — County of Placer.* Federal Transit Administration, U.S. Department of Transportation, 2024, https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2024/90196.pdf.

v. **Longer boarding times:** The collection of fares has the potential to increase boarding times, especially at busy stops. Paying a bus fare the traditional way – at the front door – with cash or a farecard, takes approximately 5 to 9 seconds per passenger, according to the Transportation Research Board. As transit schedules are already impacted by traffic congestion, particularly in the summer, fare collection may further impact delays. There are fare methods that help reduce per-passenger dwell time, including off-board fare collection, in which passengers pay their fare before boarding the bus through a mobile ticket or vending machine.

vi. **Increased conflicts:** Safety is a factor that should be considered as both a potential benefit and potential drawback of fares. The fare transaction is often the most direct interaction between a bus operator and the rider, and fare disputes are the leading cause of safety incidents for bus operators across the country.[8] Education to the public on how to pay fares, enacting a simple and easy to understand fare policy, and additional driver training may help mitigate this drawback. Some transit agencies have also separated the enforcement of fares from the driver's responsibility, such as a separate transit police department or a silent button for the driver to report fare evasion, but this also increases costs.

4.3 TRANSPORTATION DEMAND MANAGEMENT CONSIDERATIONS

Fares should also be considered within the larger framework of Transportation Demand Management (TDM), strategies aimed at reducing congestion and increasing the efficiency of the transportation system through alternative modes. The goal of TDM is to help households, employees, and visitors make more of their trips on transit, by bike or on foot, or in shared vehicles. When implemented through a coordinated effort, fares can be a lever that encourages the desired choices. For example, fares on microtransit can discourage people taking advantage of a free service for unnecessary trips. However, fares on local fixed route services might encourage people to choose to drive instead of taking transit. As most of the costs associated with driving are "sunk" costs, such as purchasing the vehicle, this creates the perception that individual single occupancy vehicle trips are free, especially if there are no parking costs. For some recreational transit routes, it may be more appropriate to charge for parking and keep transit free, incentivizing the use of the transit service over driving. While there is no "one size fits all" approach, it is important to consider every fare decision within the context of what behavior or mode we are incentivizing and discouraging to avoid unintended consequences.

4.4 EQUITY CONSIDERATIONS

IMPACTS TO COMMUNITIES OF CONCERN

Reintroducing fares may impact transit dependent riders most, particularly those living in identified Community Priority Zones or priority communities, per TRPA's Transportation Equity Study. Community Priority Zones are neighborhoods with higher densities of transit dependent populations including: zero vehicle households, seniors, persons living below the poverty line, individuals with a disability, youth,

[8] Hughes, Susan. (2021, June 30). *Should public transit be free? Experts weigh in on policy options.* Harvard Kennedy School. https://www.hks.harvard.edu/faculty-research/policy-topics/cities-communities/should-public-transit-be-free-experts-weigh-hks.

and BIPOC. The equity study identified cost as one of the seven major barriers to accessing equitable transportation options.

Additionally, a multi-year study on automated transit fare collection found that the rush toward cashless fare systems has created barriers for lower-income riders seeking to use transit. The study looked at Denver, Colorado, and Eugene and Portland-Gresham, Oregon using focus groups, surveys, and a review of current transit agency practices. The findings suggest that continuing to accept cash is a crucial way to keep transit accessible, particularly for older and lower-income riders.[9] However, including cash payment options presents an additional cost to operators.

There are strategies to reduce the impact of fares on communities of concern, including reduced or zero-fare passes and fare capping. Free or reduced passes can help reduce the cost of transit, and are typically offered to seniors, students, veterans, and people with disabilities. Fare capping can also support low-income transit-dependent riders by capping the daily and monthly amount that a rider pays. If the cap is set appropriately, people will pay less the more they ride transit, which rewards frequent riders.

4.5 COST-BENEFIT ANALYSIS

Reintroducing fares on transit services in the Tahoe Region requires a careful evaluation of financial tradeoffs, ridership impacts, equity considerations, and implementation costs. While fare revenues can provide a consistent funding source, the overall benefit of reintroducing fares depends on a combination of funding availability, rider behavior, collection costs, and service type implementation.

A key consideration is the continued availability of discretionary funding sources that currently support fare-free service. Almost all existing transit services in the Tahoe Basin are free-to-the-user and rely on discretionary sources including Transient Occupancy Tax (TOT) revenues, Congestion Mitigation Air Quality (CMAQ) grants, and other local funds to maintain free fares. Because these funding sources are not guaranteed and/or fluctuate annually, transit providers must assess the long-term sustainability of maintaining fare-free service and weigh whether fares could play a supplemental role in stabilizing service without significantly impacting ridership.

Expected ridership impacts are another critical factor. Research and peer experience suggest that reintroducing fares can lead to some degree of ridership loss, particularly among low-income riders, youth, seniors, and individuals with limited transportation alternatives. In the Tahoe Basin, where transit serves both essential daily trips and discretionary recreation travel, the elasticity of demand is likely to vary by service type, time of day, and user group. Understanding which trips are most sensitive to fare changes is essential to minimizing the most significant impacts to riders. Fixed-route services, microtransit, and seasonal routes may each experience different demand responses. Additionally, differences between visitor and resident travel patterns may influence the cost-benefit assessment. Visitors traveling into and out of the Tahoe Basin may be less sensitive to modest fares, particularly for

[9] Golub, A., MacArthur, J., Brown, A., & Brakewood, C. (2021). Applying an Equity Lens to Automated Payment Solutions for Public Transportation. National Institute for Transportation and Communities.

more premium or recreation services, while residents may be more responsive to an increase in every day travel costs.

The relationship between public and private transportation services is another important consideration. In areas where private or resort-operated transportation options operate alongside public transit, introducing fares on public services, but not private services, could influence rider choice and affect anticipated fare revenues. If fares are implemented on public transit services, but not parallel private services, ridership may shift away from public options, potentially undermining public services and fare collection. Coordinating fare policies or clearly differentiating service purposes may help mitigate these effects.

From a financial perspective, it is also essential to compare potential fare revenue against the full costs of fare administration and collection. These costs may include purchasing fare technology or collection infrastructure, enforcement, cash handling, customer service, staff training, and ongoing maintenance. For lower-ridership services, administrative costs can significantly erode gross fare revenue, reducing the net financial benefit and calling into question the overall cost-effectiveness of fare reintroduction. Ultimately, estimating the net financial impact of fares requires integrating revenue projections with ridership changes, administrative costs, and equity mitigation measures. A policy cost-benefit matrix is included below.

Table 1: Fare Policy Cost-Benefit Matrix

	Fare Scenario		
Factor	**Fare-Free Service**	**Fare Reintroduction**	**Notes/Considerations**
Revenue Generation	No direct fare revenue	Modest, recurring revenue stream	Revenue potential varies significantly by service type and fare level
Reliance on Discretionary Funding	High reliance on grants or local subsidies	Reduced reliance, but fares unlikely to replace major funding sources like TOT	Sustainability depends on long-term availability of discretionary funds
Ridership Impacts	Encourages greater use	Reduction in ridership likely	Impacts will vary by route, trip purpose, and season
Demand Management	Limited/none	Improved ability to manage demand	Possibly most impactful on microtransit and other capacity-constrained services
Safety	Potentially higher use as temporary shelter leading to lower perceptions of safety or increased conflicts with operators	Potentially lower use as temporary shelter, but potential for increased conflicts over fare enforcement	Reduced price or free passes for low-income users may still lead to use as temporary shelter
Mode Shift/Congestion Impacts	Greatest potential for highest transit mode share	Slightly reduced transit mode share	Given transit mode share is small already, impacts will likely be minimally felt
Public vs. Private Service Competition	Public services competitive with free private shuttles	Risk of ridership shifting to private options	Coordination between public and private operators is critical to mitigate impacts

Fare Collection Costs	None	Collection infrastructure, staffing, training, enforcement, maintenance	Costs may significantly offset gross revenue
Operational Complexity (Operator Perspective)	Low	Moderate	Requires understanding payment methods, fare rules, and applicable pass structures
Operational Complexity (Rider Perspective)	Low	Moderate to high	Introducing fares adds requirements for technology, training, enforcement, and development of different pass structures. Will increase customer service needs
Equity Impacts	Subsidies for transit benefit transit-dependent riders most	Introducing fares will impact low-income and transit-dependent transit users the most	Consider the "user fee" and taxpayer subsidies of car use vs. transit use. Subsidizing transit fares helps even the playing field between the two modes

5. SERVICE AND POLICY CONSIDERATIONS

5.1 SERVICE CONSIDERATIONS

Fare policy decisions in the Tahoe Basin are likely to have different implications depending on service type, rider characteristics, and trip purpose. Rather than adopting a uniform systemwide approach, agencies may benefit from tailoring fare strategies to the operational role and cost structure of individual service types. This section outlines key considerations, including the potential advantages and disadvantages of reintroducing fares across different service categories, and pricing strategies.

FIXED-ROUTE AND PARATRANSIT SERVICES

Reintroducing fares on fixed-route services may provide a predictable revenue stream to help offset operating costs and align local fare policy with many peer transit systems nationwide. However, fares on fixed routes may result in reduced ridership, particularly for short or frequent trips, and can introduce additional operational complexity through increased boarding times, fare enforcement, and customer service demands. In visitor-oriented environments such as the Tahoe Basin, fare structures that vary by route or provider may also reduce ease of use.

Paratransit services require additional consideration due to higher per-trip costs and federal requirements related to fare parity with fixed-route service. If fares are reintroduced on fixed routes, per the FTA, agencies must ensure that paratransit fares do not exceed twice the fare of an individual paying the full fare for a trip of similar length at a similar time of day on the fixed route[10]. Maintaining

[10] *Part 37 – Transportation Services for Individuals with Disabilities.* Federal Transit Administration, U.S. Department of Transportation, https://www.transit.dot.gov/regulations-and-guidance/civil-rights-ada/part-37-transportation-services-individual-disabilities.

consistency between fixed-route and paratransit fare policies is essential to avoid regulatory risk and operational challenges.

COMMUTER ROUTES

Commuter routes often serve regular, predictable riders traveling longer distances, which may make them suitable candidates for fare reintroduction. Fare revenue from commuter routes can be supported through passes that reduce administrative burden and provide cost certainty for riders. At the same time, commuter riders may be more sensitive to fare increases due to the frequency of use, and higher fares could encourage a shift back to single-occupancy vehicle travel. This risk is particularly relevant where parking is free or widely available, as fare introduction without complementary parking policies may undermine congestion management objectives. Given the low ridership on existing commuter routes 19x and 22, special consideration should be given prior to reintroducing fares on these routes.

MICROTRANSIT AND ON-DEMAND SERVICES

Microtransit and on-demand services typically have higher operating costs per trip, making them strong candidates for fare introduction from a cost-recovery and demand management perspective. Introducing fares on these services can help moderate demand, discourage low-value or duplicative trips, and better align pricing with service costs. Microtransit platforms typically offer flexibility in payment methods and pricing structures, allowing agencies to implement app-based fares with relatively low marginal transaction costs.

However, fare complexity can reduce ease of use if fare structures are not clearly communicated or integrated with fixed-route services. To address these challenges, agencies may consider dynamic or zone-based pricing approaches, such as offering free or reduced-cost trips within defined zones, applying fares for trips that cross zone boundaries, or allowing free transfers between microtransit and fixed-route services. Time-of-day pricing may also be used to manage peak demand while preserving access during off-peak periods.

SEASONAL AND RECREATIONAL SERVICES

Seasonal and recreational transit services in the Tahoe Basin serve congested, visitor-heavy destinations and can experience higher demand during peak periods, which may support the introduction of modest fares. Fare revenue on these services can help offset seasonal operating costs and manage crowding during periods of high demand. Because these trips are often discretionary, fares may be more palatable.

However, fare collection on seasonal routes can pose operational challenges, particularly during high-volume boarding or when services operate for limited time periods. Differentiating fare policies between seasonal and year-round services may also create confusion for riders. Additionally, several seasonal recreation routes, such as the Heavenly Ski Shuttles, are operated by private resorts and subsidized heavily to improve guest experience. Resorts may be reticent to introduce any fare payment if it detracts from the overall experience provided to their customers, but operators could mitigate these challenges by bundling fares with lodging, event tickets, or recreational passes, or by using mobile and contactless payment options to streamline boarding and reduce hassle.

Table 2: Service Type Fare Considerations

Service Type	Fare-Free Suitability	Fare Suitability	Rationale
Local/Community Fixed-Route Transit	High	Low to Moderate	Broad public benefit, lower per-trip costs, supports regional mobility
Paratransit	High	Moderate	Per-trip costs are high, but riders are transit-dependent and sensitive to fare changes
Commuter Routes	High	Low to Moderate	Regular users, sensitivity to fare changes
Microtransit/On-Demand	Moderate	High	Higher cost per trip, demand management benefits
Seasonal/Recreational Routes	Moderate	Moderate to High	Strong visitor demand, variable ridership

Overall, should fares be introduced on some service types, but not on others, there could be additional complexity related to backend technology and infrastructure needs. For example, if local fixed-routes remained fare free, but fares were introduced on seasonal recreation routes, operators still might have to equip their entire fleet with fare collection infrastructure to allow for flexibility in fleet route assignments. Thus, the cost of reintroducing fares on some routes, but not systemwide may be more cost prohibitive than keeping the entire system fare free.

5.2 FARE STRUCTURE MODELS

i. **Flat fare:** A flat fare transit system charges a simple, fixed fare for a ride, regardless of the distance of the trip or time of day. The flat fare provides simplicity and ease of use, but can mean that shorter trips subsidize longer trips. The simple system is particularly beneficial for tourist areas with new riders unfamiliar with the system. Within the flat fare model, transit agencies have the option of a single boarding fare, where the flat fare applies to one boarding, or a short-period product, where the flat fare allows unlimited travel within a specific time period. Flat fares are often paired with fare caps that limit how much an individual pays for public transportation during a particular time period (day, week, or month).

ii. **Distance or zone-based fares:** A distance-based fare charges a fare based on the miles that the passenger travels. A zone-based transit fare system charges passengers based on the number of predefined geographic areas (zones) they travel through, rather than exact distance. Distance or zone-based fares allow operators to charge a fare that is more closely tied to the rider's use of the system; however, this also adds complexity. Distance and zone-based fares require distance-verification upon exiting the system, such as scanning or tapping out, which adds an additional step and may cause exit queuing. Riders may also enter the system without knowing exactly how much their trip will cost. While a zonal system is often easier to understand than a distance-based system, it may result in peculiarities in the fare structure, where very short trips between zones can cost more than a longer trip inside a zone. A zone-based fare policy is

discouraged by the Cal-ITP Statewide Fare Guidelines, due to its added complexity to the fare collection system and increased customer confusion.

iii. **Time-based passes (day, week, season, year)**: A time-based fare charges higher prices during peak hours or times of the year. As roads tend to be more congested during peak periods, this creates more of an incentive to use public transportation. Public transit services may also have higher operating costs during peak periods if more vehicles are needed during this time. While time-based passes are an effective tool to manage demand, it also introduces inequity, as lower-income riders may not be able to modify travel plans to travel during lower-priced periods.[11]

iv. **Low-income, student, and/or resident discount programs:** Reduced fare offerings may be tailored to low-income, student, or resident riders. Administering these discount programs and verifying eligibility may require additional staff time and associated costs. Transit agencies may work with local agencies, non-profit organizations, or schools to make it easier to distribute these special fare passes or discounts.

v. **Fare Collection Methods:**

   a. **Cash options:** Collecting cash has drawbacks, as it requires proper cash handling protocols and staff time to collect and count fares. Additionally, a multi-year study on automated transit fare collection found that cashless fare systems have created barriers for lower-income riders.[12] According to the Fall Transit Passenger Survey, nine percent of TTD riders and eight percent of TART riders do not have internet access via a smartphone or tablet. A National Institute for Transportation and Communities (NITC) study further analyzed the costs and benefits of cash collection methods. This study found that accepting cash payments at retail locations is the lowest cost option to include cash capabilities. Accepting cash on board, which offers more flexibility and geographic coverage than retail, is the second lowest-cost option. Accepting cash at ticket vending machines is the most expensive option.

   b. **Digital Payment System:** Digital payment systems include credit cards, proprietary transit cards, or digital wallet payments. In an open payment system, transit agencies accept fare payment via contactless bank cards upon boarding buses. A digital payment system decreases boarding time and allows transit agencies to collect better ridership data. Digital payment also allows for automatic fare capping when the customer pays with the same card or same account.

   c. **Off Board Only:** Some transit agencies elect to have fare collection entirely off board, in which riders pay before boarding a bus by tapping a smart card on a reader at the bus station. Passengers may pay with cash or with credit card using a ticket vending

11 California Integrated Travel Project. (n.d.). Statewide fare guidelines toolkit. https://resources.calitp.org/calitp/Cal-ITP.Statewide.Fare.Guidelines.Toolkit.pdf.

[12] *NITC. Applying an Equity Lens to Automated Payment Solutions for Public Transportation (PPMS Project).* Transportation Research and Education Center (TREC), Portland State University, *https://nitc.trec.pdx.edu/research/project/1268/Applying_an_Equity_Lens_to_Automated_Payment_Solutions_for_Public_Transportation*.

machine. While this method reduces driver conflict and improves dwell time, it requires a separate enforcement mechanism, such as fare inspectors circulating the buses and checking for proof of payment. Ticket vending machines may also be costly, costing about $12,000 per machine.[13]

5.3 TECHNOLOGY AND IMPLEMENTATION NEEDS

i. **Payment coordination across systems:** With the purchase of a transit card or download of an app, riders can use one method to pay across multiple systems or modes. For example, in Chicago, riders can purchase a physical or digital Ventra card to pay for the Chicago Transit Authority bus and train service, suburban bus service Pace, and commuter railroad Metra. This single payment system would be beneficial in an area like Tahoe with a significant number of visitors that are unfamiliar with the system.

ii. **Mobile ticketing, app-based systems:** Mobile ticketing allows customers to purchase a ticket on their phone, typically through a mobile app. After the rider pays for their ticket, they can show it to the driver or validate it with some kind of hardware. Utilizing a mobile ticketing system allows for a customer centric system, as the ticketing app can also have information about routes, real-time tracking, and service notifications. Mobile ticketing has upfront costs associated with developing a custom app and purchasing hardware, and ongoing costs of managing and updating the app and potential card transaction fees. As there are gaps in cell coverage in the Tahoe area, a mobile ticketing system should have the capability to work offline, which would require buses to be equipped with Wi-Fi.

iii. **Integration with existing systems:** Transit agencies may want to consider the integration of the fare collection method with legacy systems, such as a Computer-Aided Dispatch/Automatic Vehicle Location (CAD/AVL) system. An integrated system allows fare collection devices to correctly record with each ticket validation event the route and stop a vehicle is on. The contactless payment hardware and software services vendors can also help with collecting data for reporting purposes, in line with GTFS standards.

5.5 ADMINISTRATIVE AND GOVERNANCE CONSIDERATIONS

Fare policy decisions in the Tahoe Basin are inherently complex due to the number of transit providers, governing boards, and jurisdictions involved. Each agency operates under its own governance structure, funding constraints, and policy priorities, and any decision to introduce or modify fares must be formally vetted and approved by the appropriate decision-making body. As a result, coordination across agencies is not required but can offer meaningful benefits if approached thoughtfully.

One key consideration is coordination around fare structure and implementation timing. While agencies may reach different conclusions about whether and how to reintroduce fares, significant disparities in fare levels, payment methods, or rollout schedules could create confusion for riders. Even informal

[13] National Association of City Transportation Officials. (2017). Better Boarding, Better Buses: Streamling Boarding & Fares. https://nacto.org/wp-content/uploads/NACTO_Better-Buses_Boarding.pdf.

alignment on broad principles, such as which service types are more likely to carry fares or when major fare changes might occur, can improve system cohesion and rider experience.

It is also important to recognize and preserve local autonomy. Each transit provider should retain the ability to design fare policies that reflect local service characteristics, financial realities, and community priorities. Regional consistency does not require identical fares or uniform policies, but it can be achieved through shared frameworks, common terminology, and coordinated communication strategies that allow agencies to make independent decisions within a broadly aligned structure.

Administrative coordination may also reduce implementation burden. Sharing lessons learned, vendor experiences, outreach strategies, performance metrics, and even training and customer support could help agencies avoid duplicative efforts, particularly for providers introducing fare collection for the first time in several years. Where feasible, agencies may also explore opportunities for shared technology platforms or interoperable payment systems, while recognizing that such approaches would require additional governance agreements and resources.

Ultimately, a coordinated approach to fare policy in the Tahoe Basin should be viewed as an enabling strategy rather than a prescriptive mandate. By aligning timelines where practical and maintaining open communication across boards and jurisdictions, transit providers can support clearer rider expectations, smoother implementation, and more informed decision-making—while fully respecting each agency's independent authority and accountability.

6. CASE STUDIES

The following case studies provide examples of how fares have been implemented by other mountain or resort town transit agencies, as well as transit agencies that have reintroduced fares after a period of fare free service.

6.1 CASCADES EAST TRANSIT:

In Central Oregon, Cascades East Transit (CET) is reintroducing fares in February 2026 after operating fare-free since 2020. Cascades East Transit shares similarities with the Tahoe Basin as a transit operator that covers a region with a mix of cities (City of Bend) and rural areas and recreation destinations like Mt. Bachelor. In 2024, CET's annual ridership was around 600,000 riders. CET's fare system will include transit passes, app-based payment options, daily fare capping, monthly pass options, discounts for eligible riders, employer group rates, and partnerships with local organizations. Riders are able to sign up for a CET GO Pass either online, at a transit station, or at a pop-up event. CET will host a series of Transit 101 and pass enrollment pop-up events in partnership with community organizations in January 2026 ahead of fare collection in February.[14] The CET transit director noted that the return to fares is about rider accountability and creating a sense of community investment, reducing reliance on state and federal dollars, and to hopefully allow expanded service.[15]

[14] *Fares – Cascades East Transit.* CascadesEastTransit.com, https://cascadeseasttransit.com/fares/.
[15] Bailey, "Central Oregon Public Transit to Start Collecting Fares for First Time Since 2020." *OPB*, 24 Oct. 2025, https://www.opb.org/article/2025/10/24/cascades-east-transit-fares/.

6.2 GOTRIANGLE:

In North Carolina, GoTriangle resumed fare collection in July 2024 following four years of fare suspension during the pandemic. This transit operator reinstated some pre-pandemic policies and programs to maintain consistency while also rolling out new options to show added value. New options included digital ticketing through a transit mobile app, Umo, and a pass for low-income riders to ride fare free. Youth and seniors will continue to ride fare free, as offered pre-pandemic, after they enroll in a program that allows them to use the Umo digital ticketing platform.[16] Riders may still pay using cash on-board buses, but will need exact change. To ease the transition, free rides were offered the first month for riders that downloaded and created an account on the Umo app.

6.3 SUN TRAN:

Tucson, Arizona has been considering the reintroduction of fares after five years of fare-free service provided by Sun Tran, due to budget and safety concerns. Sun Tran experienced over 15,000 safety incidents from January through May of 2025. Surveys found that 72% of riders felt unsafe while riding public transit and 75% of drivers felt unsafe while operating the bus.[17] At a controversial meeting, the Tucson City Council voted 5-2 to maintain free bus fares, favoring a safety plan with outreach and resource allocation for mental health/substance abuse, driver support, and increased security patrols, over fare reinstatement.[18]

6.4 ROARING FORK TRANSPORTATION AUTHORITY:

The transit service in Aspen, Colorado, operated by Roaring Fork Transportation Authority, provides a mix of fare and fare-free transit. Transit rides are free within a zone, $2 to the next zone, and $1 for each additional zone entered. This approach keeps local trips on community circulators free and charges for longer regional connections.

7. RECOMMENDATIONS

Using research in this strategy white paper and following discussion, the Transit Working Group developed the following recommendations for transit fares around the Lake Tahoe Basin. Recommendations are designed to be clear, implementable, and regionally consistent, recognizing the Tahoe Basin's interconnected transit network and independent governance structure. Proposed actions align with TRPA's affordable transit policy direction and reflect a coordinated, regional approach to fare implementation.

Overall, regional operators should aim to move from a uniform fare-free model to a strategic, service-based fare system pending board approvals and public outreach. The recommendations aim to improve

[16] *GoTriangle Resumes Fare Collection July 1 with New Options.* GoTriangle, https://gotriangle.org/news/gotriangle-resumes-fare-collection-july-1-new-options.
[17] Rommel, Nick. "City Officials in Low Spirits About Transit Safety, Pin Hopes on Potential Funding from Ballot Measure." *AZPM*, 9 Oct. 2025, https://news.azpm.org/p/news-articles/2025/10/9/226789-city-officials-in-low-spirits-about-transit-safety-pin-hopes-on-potential-funding-from-ballot-measure/.
[18] Allder, Colton. "Fare-Free Transit to Continue in Tucson." *TucsonSpotlight.org*, 7 Aug. 2025, https://www.tucsonspotlight.org/tucson-city-council-votes-to-keep-public-transit-fare-free/.

financial sustainability, preserve essential mobility for residents, manage high-cost services more efficiently, and maintain regional cohesion across independent operators without undermining broader transportation and environmental goals.

7.1 REGIONAL FARE POLICY RECOMMENDATIONS

The following recommendations are suggested at a regional level to ensure consistency across the region. Introducing fares can introduce a layer of complication. Maintaining consistency across rider categories and fare structures reduces confusion, making it easier for a rider to navigate multiple transit systems. This is especially important with a high visitor population.

- Transit providers should introduce fares first on higher-cost, discretionary, or demand-managed services, while maintaining fare-free access on core community routes where feasible.
- If fares are introduced, agencies should recognize consistent rider categories for purposes of discounted fare passes. To comply with FTA requirements, rider categories must include the following:
    - Adult full fare
    - 50% or lower discounted fares for seniors 65+, Medicare cardholders, individuals with a disability

    Rider categories could also include the following:

    - Discounted fares for youth under 18 and low-income qualified riders
    - Employer/student passes
- Fare-based services should utilize a simple, flat-fare structure with fare capping and/or daily and monthly passes available for purchase.

7.2 SERVICE-SPECIFIC FARE RECOMMENDATIONS

LOCAL/COMMUNITY FIXED-ROUTE TRANSIT

Operators should **maintain fare-free service** on local mainline routes serving Community Priority Zones and essential destinations. Fixed route services provide broad public benefit, have lower per-trip costs, and serve the highest share of transit-dependent riders. Continuing to provide fare free service on local fixed routes will encourage ridership growth and help manage demand on other, lower-capacity routes such as first and last-mile microtransit connectors.

MICROTRANSIT/ON-DEMAND SERVICES

Operators should **introduce modest fares on microtransit services**. Microtransit operators can implement a modest flat fare per trip and apply fare capping for daily and monthly maximums, which will encourage residents to continue utilizing the service. Operators could implement fare payment systems directly through the system app, but should also consider an onboard or retail cash option to preserve accessibility.

Microtransit has the lowest service capacity and fares are most appropriate to help manage demand, lower wait times, and encourage greater use of local fixed routes. Introducing fares on microtransit

services will help improve service efficiency and rider experience while preserving core mobility for first and last-mile trips.

SEASONAL AND RECREATION ROUTES

Operators should **introduce modest fares on recreation-focused and seasonal services**. Similar to the proposed fare structure for microtransit services, operators should implement a modest flat fare per trip and apply fare capping for daily and monthly maximums. Additionally, operators could consider working with private resorts and hotels to bundle fares with event tickets, lodging, or recreation partners where feasible.

Implementing fares on seasonal and recreation routes makes sense as visitors are less price-sensitive and these services are appropriate for partial cost recovery.

COMMUTER ROUTES

Operators **should maintain fare-free service on commuter routes**. Given the low ridership on these services, the potential fare revenue would likely not outweigh the cost of fare implementation on commuter routes.

7.3 EQUITY AND ACCESS PROTECTIONS

On services where fares are introduced, agencies should implement the following equity and access protections.

Per ADA and FTA Requirements:

1. Discount program – At a minimum, provide a 50% discount for seniors, individuals with disabilities, and Medicare cardholders during off-peak hours.
2. Paratransit – Paratransit fares shall not exceed twice the full fixed-route fare for comparable trips, trips of a trip of similar length, at a similar time of day, on the entity's fixed route system, exclusive of discounts.
3. Title VI equity analysis – Conduct required disparate impact analysis prior to implementation.

Per regional equity goals:

4. Automatic fare capping – Riders never pay more than the cost of a daily or monthly pass.
5. Discount program for additional riders, including youth and low-income riders and partner with local social services agencies for enrollment.
6. Cash access – Provide at least one cash payment option: onboard exact change or a retail window.

7.4 TECHNOLOGY AND ADMINISTRATIVE COORDINATION

To minimize administrative costs and complexity, operators charging fares should coordinate technology procurement across agencies. Operators should conduct joint vendor evaluation where possible and seek interoperable systems between microtransit and recreation services. A selected vendor should allow for contactless payments, and fare capping within a digital platform.